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CHINA
Sorrow of an exiled executive
Page 18

World News

Commission warns UK of legal move on water purity

The European Commission has promised to take court action against the UK in two months unless it abides by EC drinking water purity standards. Agreement on water standards is essential if the planned privatisation of water authorities in England Wales is to be a success. Page 18

Greek investigation
Greece's new parliament voted to set up a commission to investigate former socialist Prime Minister Mr Andreas Papandreou and four associates in connection with a financial scandal. Page 2

Polish food aid
The European Commission will ask EC farm ministers next week to approve food aid to Poland worth around $120m, as part of a wider package of Western aid for the East European country.

Italian opposition
Italy's 49th post-war Government – likely to be formed over the next few days – will be the first to be confronted in parliament by an opposition government. Page 2

Pakistani unrest
Five people were killed and 14 injured in ethnic rioting in the southern Pakistani town of Hyderabad.

Indian adjournment
Both houses of India's parliament were adjourned after persistent demands by opposition members for the resignation of Rajiv Gandhi. Page 4

Spanish killings
Suspected Basque guerrillas killed two army officers and wounded their driver in an attack in Madrid. Page 2

Kurds cross to Iran
Turkish Foreign Ministry confirmed that an unspecified number of Iraqi Kurdish refugees had crossed into Iran from camps in Turkey. Page 2

S Korean reshuffle
South Korean President Roh Tae-woo sacked six ministers and the country's intelligence chief in a cabinet reshuffle. Page 4

Talks on boat people
Talks are taking place between Vietnam and Britain on the repatriation of about 35,000 Vietnamese boat people now in Hong Kong. Page 4

US call on PLO talks
Members of the US Congress, outraged by a senior US diplomat's talks the founder of the Black September terrorist group, called for restrictions on with the Palestine Liberation Organisation. Page 3

UK rail strike
Britain's National Union of Railwaymen called a sixth 24-hour rail strike following its rejection of an increased pay offer by the state-run railway. Page 8

Moon station plan
President George Bush is considering proposals for a manned station on the moon and sending astronauts to Mars. Page 3

Sri Lankan attack
Thirteen pilgrims were killed and at least 60 injured when suspected left-wing rebels attacked a religious procession in Sri Lanka.

Business Summary

US relaxes export curbs on personal computers

US has relaxed curbs on the export of popular personal computers to western destinations, and is to press for easing of multilateral restrictions on sales to Soviet Union and Eastern Europe. Page 18

REFAAT El-Sayed, Egyptian-born immigrant who built up Fermenta, Swedish antibiotics group, was sentenced in Stockholm to five years in prison for swindling investors, fraud and insider trading. Page 18

SOCIETE Générale de Surveillance (SGS), Swiss inspection services group, has been shaken by resignations of its chairman, three directors and managing director. Page 19

HOYLAKE, investment vehicle for Sir James Goldsmith's £13bn takeover bid for UK's BAT Industries, was put on defensive by a payments error in US. Page 19

BRITISH Aerospace, UK aircraft manufacturer, made agreed offer of £450m for Arlington Securities, UK property development company. Page 19

INTER-American Development Bank president Enrique Iglesias intervened in a dispute over the seizure by Citibank, US bank, of $80m in Ecuadorean central bank deposits. Page 3

MINORCO, Luxembourg investment offshoot of South Africa's Anglo American mining group, acknowledged difficulties in gaining foreign acceptance for equity and its debt. Page 20

KUBOTA, Japanese construction equipment group, acquired a controlling interest in Nissan Motor Iberica, Spanish subsidiary of Nissan. Page 24

FRENCH Government has launched a new savings scheme with tax breaks and cash payments to non-taxpayers. Page 2

GREECE'S has asked Denison Mines, of Canada, for an extension of 30 days to give it time to consider making an offer for Denison's stake in North Aegean Petroleum Company (NAPC). Page 21

BRAZIL'S foreign debt negotiators are visiting New York for talks with creditors, hoping for concessions to avert a moratorium on interest payments. Page 3

UNITED Airlines, second largest US carrier, will begin flights to Frankfurt in an ambitious transatlantic strategy. Page 20

TIME Inc, US broadcasting and publishing company planning to merge with Warner Communications, reported modest improvements in earnings and revenues. Page 19

TURKEY and Soviet Union reached agreement on second line of credit of $150m to be made available by the Export Import Bank of Turkey (Eximbank) to support Turkish exports. Page 6

NUKEM, scandal-plagued West German nuclear technology company, is suffering from the cost of closing down its activities in the radioactive fuel cycle. Page 21

JAPANESE shipbuilders fear US allegations of unfair government support for the industry could become the next big bilateral trade issue. Page 6

GENCOR, second largest South African mining house, reported higher revenues in its gold mines following year of cost-cutting and eliminating unprofitable workings. Page 20

FRENCH consumer prices rose by 0.1 per cent last month, taking the rate of inflation over the past year down to 3.6 per cent. Page 2

MARKETS

STERLING
New York lunchtime:
$1.6185
London:
$1.6195 (1.6265)
DM3.08 (same)
FFr10.45 (10.445)
SFr2.6875 (2.67)
Y230 (same)
£ index 92.4 (92.3)

GOLD
New York Comex Aug
$369.3 (373.8)
London:
$371.25 (same)

N SEA OIL (Argus)
Brent 15-day Aug
$18.05 (18.025)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.9007
FFr6.45
SFr1.6465
Y141.85
London:
DM1.902 (1.8935)
FFr6.4525 (6.4225)
SFr1.647 (1.6415)
Y141.95 (141.4)
$ Index 70.4 (70.4)
Tokyo close: Y141.8

US LUNCHTIME RATES
Fed Funds 9 3/16 %
3-mo Treasury Bills:
yield: 8.22%
Long Bond:
107 3/8
yield: 8.16%

STOCK INDICES
FT-SE 100:
2,292.5 (+19.4)
FT Ordinary:
1,903.2 (+19.9)
FT-A All Share:
1,170.28 (+0.9%)
FT-A long gilt yield
index high coupon:
9.52 (same)
New York lunchtime:
DJ Ind. Av.
2,568.48 (+23.72)
Tokyo: Nikkei
33,557.17 (+213.44)

LONDON MONEY
3-month interbank:
closing 13 13/32 % (13 7/8)

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

Khashoggi extradited to face fraud charges in US

By Roderick Oram in New York and Robin Pauley in London

MR Adnan Khashoggi, the Saudi Arabian arms dealer and financier once reputed to be the world's richest man, was extradited from Switzerland yesterday to face fraud charges in the US involving Mr Ferdinand Marcos, former President of the Philippines.

Mr Khashoggi was arrested in a Swiss hotel on April 18 and has been held in detention in a Bern jail.

He had fought against extradition but the order went into effect yesterday after he decided against appealing to the Swiss Supreme Court.

Accompanied by two Swiss police officers, he was due to land in New York yesterday afternoon and be taken to court for a bail hearing.

He was originally charged last October by a New York grand jury with helping Mr Marcos and his wife Imelda use $103m from the Philippines Treasury to fraudulently buy Manhattan real estate and art for the Marcos's personal use. The three, plus six other defendants, are charged also with defrauding US banks of $165m.

Charges of racketeering and conspiracy were dropped yesterday because they had no parallels in Swiss law.

In the charges still standing allege, for example, that Mr Khashoggi submitted forged, backdated documents that attempted to show he had bought assets from the Marcoses before March 1986 when federal courts in New York barred them from transferring properties.

The allegedly false documents cover various assets including paintings by Rubens, El Greco and Franz Hals and a number of well-located buildings in Manhattan.

Mr Khashoggi, 53, is an old friend of Mrs Marcos and the charges involve his alleged role in helping to disguise the fact that the Marcoses were the true owners of four important properties in Manhattan.

He has always strenuously denied all the charges. The arrest warrant for Mr Khashoggi was issued on March 24 by Ms Naomi Buchwald, a US magistrate, on the basis of charges filed on March 9 by the district court for the southern district of New York.

Mrs Marcos has already appeared in court in Manhattan on related charges and was bailed after Ms Doris Duke, the US tobacco heiress, put up a $5m surety. Mr Marcos has not yet been arraigned because he is too ill.

The charges against Mr Khashoggi figure among a series put together by Mr Rudolph Guiliani, the former US attorney for Manhattan's southern district who is now running for governor. The charges against Mr Khashoggi also involve fraud and obstructing the course of US justice by, among other things, passing false documents to the US authorities via the French authorities.

Mr Khashoggi and the Marcoses are among a group of people uncovered by Mr Guiliani's investigations who were operating myriad connected bank accounts around the world. The maximum penalty he faces if convicted is 20 years in jail for racketeering offences and 15 years in jail if found guilty of obstructing justice.


Khashoggi: alleged dealings with former President Marcos

Soviet miners warned strikes may threaten future of perestroika

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, warned yesterday of dire consequences for the Soviet economy and for the perestroika reform process from the mass miners' strike in Siberia and the Ukraine.

In a striking concession to the wave of unrest sweeping the country in protest at poor living conditions, he disclosed that roubles 10bn ($15.8bn) had been set aside from reserves for the import of consumer goods – at least double the amount previously announced.

The miners' strike was reported last night to have brought 80 pits in the Donets coalfield in the Ukraine to a standstill – four times the number on Tuesday. The strikers in the largest – and oldest – coalfield in the country seemed to be ignoring a string of concessions by the authorities on wages and working conditions, as well as a direct appeal from Mr Gorbachev and Mr Nikolai Ryzhkov, the Prime Minister.

There were some encouraging signs, however, of the beginning of a return to work in the Kuznetsk coal field in Siberia where 24,000 of the 150,000 strikers were reported to have gone back after a call from their strike committee to return to work.

Reuters news agency quoted a government spokesman in the regional capital of Keremovo as saying that work had resumed at 20 of the 79 strike-bound mines in Siberia and also expressing optimism that a return was imminent at other pits in the region.

In the Ukraine, however, a Soviet television report provided little indication of the strike ending in that region.

Mr Gorbachev showed the deep anxiety of the Soviet leadership over the dispute when he warned about a threat to call a rail strike in sympathy from August 1.

"The country could find itself in such a situation that it would be necessary to think about which measures to take to ensure the situation did not get out of control," he said, hinting that tougher measures, including the possible use of force, might eventually be needed.

"Whether these comrades like it or not, the current situation could damage everything we are doing," he said in an unscheduled appearance at a session of the Supreme Soviet.

He said that "emissaries with extremist and anti-social slogans have tried to make use of the tension and discontent of the workers." However, he praised the miners for behaving in "a responsible, organised and disciplined fashion."

Soviet television last night showed a hard-hitting response from striking miners. A miners' strike leader in Makeyevka, in the Donbass, said the situation was under control.

"There is absolutely no danger of political instability," he said. "We have taken power into our hands."

Mr Gorbachev's worries about the wide range of economic dissatisfaction were apparent on Tuesday night at a meeting of senior Communist Party officials when he warned that the party was losing touch with popular feeling.

The biggest single challenge facing the ruling party was to improve the economic situation. "The people's mood is extremely critical," he said. "The information coming from major industrial centres indicates the people's discontent."

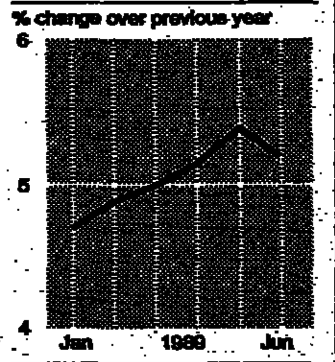
"We are trying to use all our reserves. We have found roubles 10bn to spend on imported consumer goods, solving these urgent problems." He did not say where the money would be found for the emergency imports, but the amount appears to be twice the roubles 5bn which officials had earlier promised would be spent on imports such as shoes, knitwear, soap and detergent, toothpaste and cassette tapes.

The miners' strike has come on top of continuing ethnic disturbances in Soviet Central Asia and the Trans-Caucasus. Officials said yesterday that a curfew and "emergency situation" had ended open violence in the autonomous republic of Abkhazia in Georgia, where 16 have died and more than 160 been injured in clashes since last weekend.

However the situation there remains "extremely tense" with meetings between rival nationalist groups continuing in many areas.

Surprise elections, Page 2

US consumer prices
% change over previous year



Inflation slowdown lifts US markets

By Anthony Harris in Washington and Janet Bush in New York

US stocks and bonds rose sharply yesterday on the announcement that the main US inflation measure had risen less than had been expected in June.

The consumer price index figures led to hopes that there would an early further easing in monetary policy.

However, the US Federal Reserve's operations in the money market yesterday gave no hint that the central bank had lowered its target for Fed Funds, the rate at which commercial banks lend to each other overnight, and both markets slipped below their morning highs.

At midsession, the Dow Jones Industrial Average was quoted 23.71 higher at 2,568.47, having gained more than 30 points in the morning.

The Treasury's benchmark long bond rose about ¼ point

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Agnelli and BSN buy into Italian cheese industry

By John Wyles in Rome and George Graham in Paris

IFIL, the Agnelli family holding, and BSN of France yesterday acquired Galbani, Italy's leading producer of cheeses, in a L2,241bn ($1.63bn) deal that underlines growing international penetration of the Italian food processing industry.

With their existing controlling partnerships in other Italian food and drink companies, the Galbani acquisition may well put Ifil-BSN at the top of the industry's sales league.

Ifil will own 65 per cent and BSN 35 per cent of the Milan-based company and Mr Umberto Agnelli, the Ifil president, said last night that the already satisfactory income promised by the investment "can only grow rapidly through the existing synergies between Galbani and BSN."

Galbani's sales last year – 80 per cent from cheeses with such well known brand names as Dolcelatte and Bel Paese – amounted to L1,450bn and net profits to L128bn. Its ownership hitherto is something of a mystery since it is being acquired from Kreditbank of Belgium, having previously been controlled by a network of Luxembourg-based companies belonging to unidentified shareholders.

The price being paid partially reflects Galbani's L900bn of total liquidity. Ifil said yesterday that its net share of the purchase – between L810bn and L870bn – will be financed partly through a L500bn capital increase and partly by ceding 15 per cent of its investment company, Ifil Partecipazione, to BSN for L150bn. The transaction will take six months to complete and short-term finance will be provided by Mediobanca, Italy's top merchant bank.

Ifil coupled yesterday's announcement with the revelation that the holding company's capital increase would be used to allot "a significant shareholding" to a major institutional investor "in the Persian Gulf area." Ifil said later that the investor wished to remain anonymous for the time being, but it was not the Kuwait Investment Office, although the origin may be Kuwait or Saudi Arabia.

The company also said that the Galbani purchase would bring a better balance to its investment portfolio by reducing the weight of its Fiat holding – close to 10 per cent of the motor group's ordinary shares – from 56 per cent to 30 per cent. Ifil's stake in Fiat was boosted to nearly 10 per cent in late 1986 when it took part of the 15 per cent stake in the Turin group which was sold by the Libyan government.

In Paris BSN said its stake in Galbani would give it access to the Italian company's distribution network in Italy, with some 120,000 points of sale, and to its cheese technology, especially in the field of mozzarella.

The French group is already the world's leading dairy products company, especially in yoghurt with its Gervais and Danone brands. It said yesterday that it believed mozzarella had a strong potential for

Continued on Page 18

Commission accepts British offer on Rolls shareholding

By William Dawkins in Brussels and John Thornhill in London

THE European Commission yesterday accepted the UK Government's offer nearly to double the 15 per cent foreign shareholding limit in Rolls-Royce, the privatised aero-engine group. However it reserved the right to take legal action against unfair curbs on investment.

The deal, settled at yesterday's weekly meeting of the Commission, ends more than a year's wrangling between London and Brussels over the extent to which EC internal market rules allow Britain to limit non-UK investment in companies involved in national security.

The agreement allows Britain to keep foreign shareholdings in Rolls-Royce below 29.5 per cent, as against the 15 per cent ceiling set at its privatisation in 1987.

Mr Martin Bangemann, the EC's industry commissioner, is expected to send a letter in the next few days to Lord Young, the UK's Trade and Industry Secretary, informing him of *the Commission's acceptance* of the proposal.

Rolls-Royce said it had not been informed of the decision and therefore could not give an official reaction. However, it welcomed the proposal in principle.

The Government will apply the same conditions to British Aerospace, which also had a 15 per cent foreign investment limit, although the Commission did not formally challenge BAe's shareholding rules. No other UK privatisations are affected, say British officials.

The Commission will reassess the new limit before the end of 1992, or earlier if non-UK investors encounter serious problems buying Rolls-Royce shares. British officials were yesterday satisfied that the accord had removed the immediate threat of legal action against Rolls-Royce.

Commission officials said that even the new lighter curbs contravened EC internal market rules. Brussels was only prepared to let them continue *because of Rolls-Royce's* involvement in UK national security, they said.

West German and Belgian investors complained to the Commission last year after being forced to sell Rolls-Royce shares at a loss having broken the limit. This contravened EC rules against unfair restrictions on Community citizens' rights to own property in any member state, they said.

Before the limits can be raised, both companies will have to win shareholders' approval.

BAe suggested that the extraordinary general meeting on August 15 to approve the acquisition of Arlington Securities could be an appropriate time to consider the amendments.

BAe's share price closed up 20p at 741p, although this mainly reflected the acquisition of Arlington Securities. Rolls-Royce firmed 5p to 194½p.

BAe bids for Arlington Securities, Page 27

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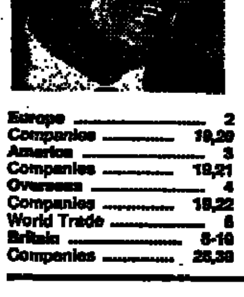
Schönhuber stokes up his steamroller



Right-winger Franz Schönhuber, scourge of West German politics, has driven a rhetorical swathe through the parliamentary landscape by channelling many bottled-up emotions about the past into a potent political force
Page 2

French plan to encourage private savings unveiled

By **George Graham** in Paris

THE FRENCH Government has launched a new savings scheme with tax breaks and cash payments to non-taxpayers, designed to help low-income households build up a small nest egg.

The Plan d'Epargne Populaire, or PEP, will be presented to Parliament in this autumn's finance bill and should come into operation at the beginning of next year. It is designed to replace the last right-wing Government's Plan d'Epargne Retraite, or PER.

Where the PER favoured higher rate taxpayers and attracted mostly those who were at or near retirement, the PEP is intended to restore the balance in favour of lower income households. "Our aim is to encourage French savings, to reduce social inequalities and to allow the most modest households to create a nest egg," said Mr Pierre Bérégovoy, Finance Minister.

It requires the investor to sign a 10-year renewable contract for savings of at least FFr2,400 (£230) a year. The savings can accumulate free of tax over the life of the contract, but withdrawals will be taxed at a declining rate, becoming tax-free after eight years. The overall limit on the scheme is a capital of FFr600,000 at the end of 10 years.

The type of investment itself will be up to financial services companies and their customers; the PEP is not aimed specifically at encouraging equity investment, as the now defunct "Monory" savings plans were.

The innovation in the PEP is that households which do not pay income tax (more than 10m, since the threshold for income tax is very high but rates thereafter climb steeply) will receive a cash bonus from the Government amounting to a quarter of their savings, up to FFr1,500 a year.

Mr Bérégovoy says the budget cost will not be considerable: around FFr1bn for the cash bonuses, on the hypothesis that some 1.5m non-taxpayers sign PEPs. Against this, the Government will save the approximately FFr4bn in tax breaks it gives out on the PER.

He added that the PEP was not intended to replace the pay-as-you-earn pensions system of the French social security, and that he was considering other forms of mutual savings to provide complementary retirement income.

Less clear, however, is whether the PEP will in fact encourage new investments, or simply add to the panoply of tax exemptions and privileges with which France has tried over the years to tempt its citizens into saving.

Despite a range of tax-free instruments that includes post office savings books paying 4.5 per cent, "popular" savings books paying 5.5 per cent and home savings plans paying 6 per cent, the overall savings rate has declined from more than 20 per cent of total household income a decade ago to a trough of 11.5 per cent in 1987, recovering only slightly last year to 12.2 per cent.

PCI aims to build its image as alternative to Christian Democrat-led coalitions

Italian Communists form 'shadow' government

By **John Wyles** in Rome

ITALY'S 49th post-war Government - likely to be formed over the next few days under the five-times Premier, Mr Giulio Andreotti - will be the first to be confronted in Parliament by a formal "shadow" government following an intriguing initiative announced yesterday by the Communist party (PCI).

Mr Achille Occhetto, the party's leader, yesterday announced a list of 21 "shadow ministers" whose task is to scrutinise and criticise those in office and also to present alternative Communist policies. It was an attempt, he said, to stress that, as the largest opposition party, the PCI was determined to be taken seriously as the basis for an alternative to Christian Democrat-dominated coalitions.

Speaking to the party's members of the European and Italian parliaments, Mr Occhetto claimed that the creation of a shadow government recognised the inadequacy of the old political game as played in Italy.

The country's level of development now required "a system which works on the basis of clear alternative programmes".

Much depends on how the PCI experiment works in practice, but it could, indeed, improve the level of political debate, although not without cost to the party itself.

Mr Occhetto is trying to bury the "association" tradition of the past 20 years whereby the PCI, although permanently in opposition, has been given a great deal of parliamentary scope to share powers of policy-making and appointments with the coalition Government of the day.

If it emerges as an effective opposition, then the governing majority may well try to take away some of the power at its disposal. Moreover, the emergence of a real PCI opposition at a time when Mr Andreotti is just about to form his sixth Government carries considerable symbolic interest.

His two premierships from 1976 to 1978 were sustained by the PCI from outside the Government, but Mr Occhetto has made it clear over the past few days that Mr Andreotti can expect no such help this time.

The PCI leader was at pains yesterday to define the cornerstones of the Communist alternatives in foreign and domestic policy. For the former, he called for more determined Italian initiatives to bring about economic and political unity in the European Community, East-West arms reductions, Middle East peace, and the achievement of a "common European home" embracing the two halves of Europe.

In domestic policy, the party's priorities include a change in the electoral system so that the Italian people can actually choose between alternative policy programmes.

It also favours an "an environmental reconstruction of the economy", and a development of the south of Italy through a stronger attack on organised crime and infrastructural investments.

For the economy, he promised a "realistic" Communist programme for curbing budget deficits and the national debt which would reduce the annual deficit by three percentage points of gross domestic product.

George Petsos: feeling the political heat

Greek MPs vote to investigate Papandreou over bank scandal

By **a Correspondent** in Athens

GREECE'S new Parliament, at the close of a dramatic two-day debate, voted early yesterday to set up a parliamentary commission to investigate Mr Andreas Papandreou, the Socialist former Prime Minister, and four close associates in connection with a financial scandal.

It was the first case in modern Greek history of a Prime Minister being turned over by Parliament to a criminal investigation. The former ministers of public order, justice, the economy and finance – respectively Mr George Petsos, Mr Agamemnon Koutsoyorgas, Mr Panayotis Roumeliotis and Mr Dimitris Tsovolas – were singled out for investigation along with Mr Papandreou.

Some 171 of the 300 members of Parliament voted in favour of a probe of Mr Papandreou, while 121 voted against – and three members of Mr Papandreou's own Panhellenic Socialist Movement (Pasok) abstained.

Analysts said this could portend further disarray in Pasok before the next elections, which are expected in October. Last month's general election left no party with a clear majority, and a temporary Conservative-Communist coalition has been established to investigate malpractices under the Socialists and prepare for a fresh ballot.

Mr Petsos sought to differentiate his position from that of his accused colleagues, by saying he had no effective control over the state corporations that were under his broad supervision when he was Transport Minister.

He also denied instructing any corporation to deposit funds with the Bank of Crete, the private bank that was once controlled by Mr George Koskotas, the former tycoon who is at the centre of a $200m embezzlement scandal and is now in a US jail pending possible extradition to Greece.

The coalition Government also intends to have Papandreou and his associates investigated over other matters including fraudulent grain sales, malpractices in arms procurement and illegal wire-tapping.

EC states 'should accept each other's professions'

By **David Buchan** in Brussels

THE 12 European Community states should promote labour mobility between themselves by recognising the qualifications of each other's professions, the European Commission proposed yesterday.

The proposal, which must get EC governments' approval, would complement the mutual recognition of higher education diplomas, agreed by the 12 in December.

It would also be of advantage to such as the legal and teaching professions.

The new plan, aimed at the far larger number of trades and professions practised by those with only secondary education, would allow an EC citizen to work in another EC state without any condition – provided his professional training was either equal or superior to that required in his host state.

The host state, however, would still be able to demand some proof of professional experience or, alternatively, an aptitude test, from those with shorter or less rigorous training than its own.

In this way, the Commission is hoping to bypass the tediously slow method of getting mutual recognition profession-by-profession that characterised the 1970s and early 1980s.

In addition, the Commission yesterday proposed boosting to Ecu23m (£15.5m) for 1990-92, funding for its Eurotecnet programme to improve the training of workers to adapt to technological change. It also approved its first annual report on employment in the Community.

Promised as part of the Commission's new social programme, the report, to be released today, says: "There are serious doubts about the extent to which the current education and training systems are sufficiently geared up to to meeting the needs of the 1990s."

It paints a generally gloomier picture of the EC labour market than that depicted when the Commission was first promoting the job-creating benefits of its internal market programme.

In particular, it calls for new stress on policies promoting social and regional cohesion.

France sees a 0.1% rise in prices

By **George Graham**

FRENCH CONSUMER prices rose by 0.1 per cent last month, taking the rate of inflation over the past year down to 3.4 per cent, compared with 3.7 per cent in May.

Mr Pierre Bérégovoy, the Finance Minister, said that while France's inflation rate was higher over the past year than West Germany's, in the first six months of 1989 French prices had risen by only 2.1 per cent, compared with 2.6 per cent for West Germany.

"This is a good result because competitive disinflation is one of the keys of our policy of enhancing growth and creating more jobs," the minister said.

The modest rise in prices in June stemmed partly from a fall in petrol prices, which had risen rapidly in the first five months of the year, and partly from steady prices for manufactured goods and a slowing in price rises for services.

Insee, the state statistical office, also announced yesterday that industrial production had fallen by 3.2 per cent in May compared with the previous month, but stood at a level 4.6 per cent higher than a year earlier.

Scaling down of regional preference schemes urged

By **David Buchan**

THE EUROPEAN Commission yesterday proposed that Britain, West Germany, Italy and Greece should phase out, or scale down, regional preference schemes in public purchasing which, Brussels claims, are both illegal and useless.

The schemes, designed to promote employment in poorer regions, should either be abolished and replaced by funding from the European Social Fund, or solely devoted to helping small and medium size companies.

The Commission suggests such companies, located in poorer regions, could legally be given preference in the award of smaller public contracts.

Current EC legislation exempts public supply contracts below a value of Ecu 200,000 (£134,498) and public works contracts below Ecu5m from the requirement of being open and advertised to bidders from all EC states.

In a separate public procurement move, the Commission decided yesterday to serve formal notice on the Danish government that it will take court action against it, if Copenhagen fails within a few weeks to reconsider the recently-signed Dkr3bn (£250.4m) Jutland road and rail bridge contract.

The Brussels complaint is that the contract was awarded on the basis of tenders calling for minimum local content in Danish labour, equipment and materials.

The Commission claims the public procurement preference schemes, applied to Berlin and eastern frontier zones in West Germany, to areas with nearly one fifth of the population in the UK, to areas with 65 per cent of the population in Greece and to most of southern Italy had had little beneficial effect on these regions.

Satanic Verses a hit in France

THE FRENCH edition of The Satanic Verses, the Salman Rushdie novel condemned by Moslems as blasphemous, headed straight for the bestseller lists when it finally went on sale yesterday, Reuter reports from Paris.

In little more than an hour customers snapped up all 1,000 copies at one of the biggest bookshops in central Paris.

Security fears delayed publication in France and many stores were still afraid to stock the book, which is banned in most Islamic countries.

However, the biggest chain in France, the FNAC, looked unlikely to regret its decision to sell.

Leaders of France's three million Moslems have condemned the book but extremists stopped making public death threats after receiving warnings from the Socialist Government.

Surprise Soviet elections to purge Communist party

By **Quentin Peel** in Moscow

PRESIDENT Mikhail Gorbachev has announced surprise elections within the ruling Communist party, and called for a choice of candidates at every level, in a step aimed at purging the party of its most conservative officials.

He revealed the plan in his most devastating criticism of the bureaucracy in the ruling party, and its failure to keep up with the pace of change in Soviet society.

He also announced that the crucial plenum of the party's central committee, to discuss ethnic relations and the constitutional relationship between the 15 republics, had been postponed from this month until September – apparently because of disagreements between the party leadership and the most nationalistic republics.

Mr Gorbachev's assault on his party came at a top level meeting of first secretaries from all the republics, regions and territories of the Soviet Union – just as Mr Boris Yeltsin, the most popular party rebel, announced the formation of an "opposition" group within the Congress of People's Deputies.

Mr Yeltsin, the former Moscow Communist Party leader and once junior politburo member, announced in the Supreme Soviet that 300 Deputies from throughout the country were joining the radical group, dedicated to speeding perestroika, and to "counter the pressure put on the Parliament by conservative forces."

For his part, Mr Gorbachev was open in his claim that "the party is essentially lagging behind the processes taking place in society. It threatens the party's leadership in perestroika, and hence in society."

His move is a continuation of the strategy begun by his trip to Leningrad earlier this month, which saw the sudden resignation of Mr Yuri Solovev, the Communist party leader there, and the only member of the politburo to be defeated in last March's national elections to Congress.

"The people's mood is extremely critical," Mr Gorbachev said. "I got proof of that in Leningrad. They refuse to tolerate inefficiency in Soviet industrial organs – and in party committees. We have got very little time left to change the situation." He insisted that the crisis was not "of the party, but of its former functions, outdated methods and style of work."

That included its role when it "ruled over everything, controlled the state's industries, the ideology, replacing and suppressing everybody and everything, bossing around state and industrial organs, and social organisations. The party cannot and should not command over state and industrial organs and social organisations," he said.

In another significant concession to his party bosses, however, Mr Gorbachev agreed that they would not be compelled to stand for election as chairman of their local Soviets – a challenge seen as a guarantee of popular defeat.

On the other hand, Mr Gorbachev gave them a precise lecture on the need for multi-candidate elections in the party. He said the most "efficient method of cadre policy, selection of the most capable people" had proved to be "the method of alternative candidates."

In last year's party elections – completed in December – only half the secretaries of grass-roots organisations, and a handful of regional and district leaders, were elected in contested votes. Next month's elections appear to give the party's rank-and-file another chance to replace their local leaders with reformist figures.

ORTHODOX East Germany, already sharply critical of the liberalisation process in Hungary, has told Moscow bluntly that political life in the Soviet Union faces a danger from forces "seeking to abolish socialism", writes Leslie Colitt in Berlin.

The warning, albeit tempered by a prediction that the Soviet reforms would, on balance, enjoy success, came from Mr Kurt Hager, the East German ideology chief, in the latest issue of the party journal Einheit. His comments, written before the current Soviet miners' strike, follow repeated private predictions by officials that Mr Gorbachev's reforms could lead to economic and social chaos.

Mr Hager argued that President George Bush's stated desire to "eliminate" socialism called for the greatest vigilance. East Germany's front-line location required an "especially sharp" ideological struggle.

East Berlin said last month it was "greatly concerned" by developments in Hungary which is introducing a multi-party system and plans free elections next year.

Turkey denies 'dumping' Kurdish refugees

By **Jim Bodgener** in Ankara

THE TURKISH Foreign Ministry, after a week of rumours and denials, yesterday confirmed that an unspecified number of Iraqi Kurdish refugees had crossed into Iran from camps in Turkey.

The Tehran authorities, meanwhile, said 1,500 Iraqi Kurds who had been "forced" to leave to Turkey were found in the rugged border area over the past two days. The Iranian news agency Irna said one person died and two were injured as the refugee columns trudged through the hills.

Turkish officials denied reports that any of the 50,000 Kurds who fled into Turkey last September to avoid Iraqi bombardment had been transported to the border by bus or truck under duress.

These reports allege that refugees were then delivered across the ill-defined and remote mountainous border into the hands of Kurdish Democratic Party (KDP) activists.

The official Turkish version is that the missing refugees absconded while resting on a high plateau near their camp – although there are no known Iraqi Kurdish refugee camps close to the Iranian border.

Iran took in some Iraqi Kurdish refugees before closing its border last October, claiming it had no more room. Subsequently, it claimed Turkey was still attempting to dump the refugees without permission.

● A Turkish military court yesterday convicted 395 defendants of leftist terrorist crimes and sentenced seven of them to death, AP reports. In the mass trial of 694 defendants that lasted seven years, the court sentenced 39 people to life imprisonment while 349 others received prison terms ranging from one to 21 years. The court acquitted 299.

The defendants were accused of membership in an outlawed gang called Dev-Yol, which means Revolutionary Road.

The charges included several political killings, attempted murders and armed robberies.

Eta blamed for shooting of two army officers

By **Tom Burns** in Madrid

A SPANISH army colonel and a major were shot dead yesterday in Madrid when alleged members of the Basque separatist organisation, Eta, sprayed their staff car with automatic weapons close to a block of army flats on the southern outskirts of the city. The driver, a corporal, was critically injured.

The shooting, which brings to nine the number of deaths this year due to terrorism, came after a two and a half month lull in terrorist activity that followed the Eta assassination in April of an army lieutenant in Bilbao.

That shooting followed the breakdown of peace talks between the Government and the separatist organisation that had begun in Algiers at the begining of the year.

Recent news reports had indicated that senior government anti-terrorist officials had met secretly with individuals close to Eta to discuss renewing the peace talks. However, the possibility of a resumption was ruled out earlier this week by Mr Alfonso Guerra, the Deputy Prime Minister.

Schönhuber stokes up his steamroller

The West German right-winger is pausing to plan his next moves, writes **David Marsh**

THE NEW scourge of West German politics, Mr Franz Schönhuber, leans forward intently in his small white-walled office and confides that the enthusiasm of the West Germans welcoming Mr Mikhail Gorbachev on his visit last month reminded him of the crowds greeting Hitler. "There was nothing so undignified," he says. "I was ashamed of us Germans."

Allusions to the Führer – and detrimental remarks about his own countrymen – come easily to the rasping tongue of Mr Schönhuber, chairman of the Republicans.

In recent months, he has driven a rhetorical swathe through the parliamentary landscape by channelling many West Germans' ill-expressed, bottled-up emotions about the past into a pile-driving political force. Stubby and 66, Mr Schönhuber is a man of intelligence and perception. He also possesses the rare, perhaps dangerous, ability of rousing a beer-hall audience to near-frenzy.

"There are two Schönhubers," he expounds in an interview in his party headquarters in an unprepossessing Munich apartment block. "I can talk to you here, quietly and calmly. But I can also take the arena."

Since the death last October of Mr Franz Josef Strauss, the swashbuckling Bavarian premier, no established West German politician can match Mr Schönhuber for passionate, if simplistic, extravaganza.

His pinnacle came last month when the his party swept into the European Parliament with 7.1 per cent of the votes – a score which, if repeated in the West German general election next year, could give them the balance of power in the Bundestag.

Mr Schönhuber is a focus for simmering popular resentment about the post-war division of Germany. "My service has been to articulate relentlessly the uneasiness of Germans. It is a very German feeling," he says. "Germans tend towards neuroses." He readily admits that his heady election successes this year raise the risk that the Republicans could run out of steam. He wrote to his party organisation on Monday to say that he would give no more public addresses until November 1. This will allow time to work out a detailed campaign programme in a Bavarian mountain hide-away.

He also wants to "intellectualise" the party by bringing in outside advisers, and to make it less of a one-man show. "I have told my friends that winning victories is difficult; holding on to them is still tougher." He concedes that he has benefited so far mainly from protest votes, and now will have to come up with real policies in areas like the environment and social affairs.

> He has benefited so far mainly from protest votes, and now will have to come up with real policies in areas like the environment and social affairs

A former television journalist, who once worked on a Communist-backed newspaper, he terms his policies as "national" with left- as well as right-wing appeal. He prides himself on his support in inner-city working class areas.

Mr Schönhuber has headaches with plans to form a loose coalition in the European Parliament with Mr Jean-Marie Le Pen, the leader of France's far-right National Front. He met Mr Le Pen in Brussels on Tuesday for talks on co-operation. "Le Pen must accept that our priority is German reunification. And that, for a Frenchman, is a problem."

He brings to centre-stage a new, more assertive voice condemning the country's "Americanised" way of life, speaking up for German "interests" in the EC and demanding a lowering of Allied military might on West German soil.

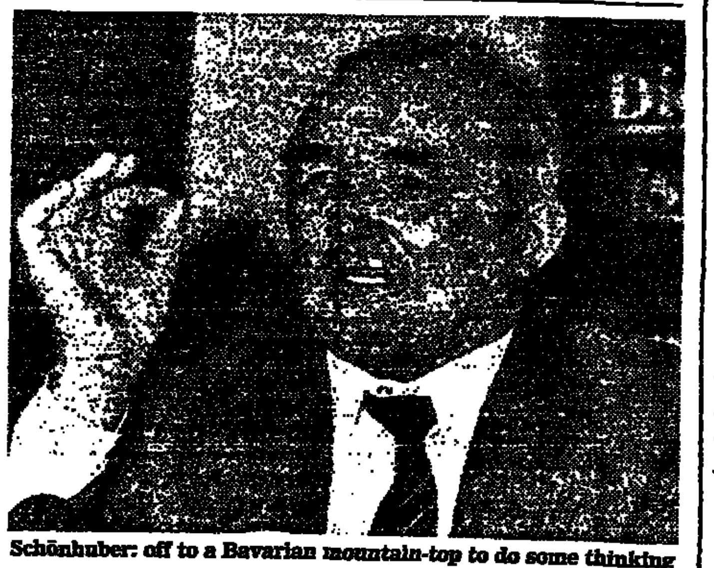
A former soldier in the Waffen-SS who says he joined up out of "fascination" for the war effort, he claims to represent the under-privileged in the country's rich, materialistic society. "Generally speaking, we are the party of the poorer people."

Vehemently denying that he harbours Nazi sympathies, he calls the Third Reich criminal. "Losing the war has a price. But I don't want to say that it would have been better if we had won. Then we would have a European slave state. And the Germans would be the slave-drivers."

Although a well-travelled man who was once married to a Hungarian Jewess and who boasted in his memoirs of his amorous liaisons in occupied France, he also possesses a streak of xenophobia. This is concentrated on the foreigners flooding to West Germany to seek asylum – one of the factors behind a growing accommodation shortage in cities like Munich.

"When a German marries, he wants a flat. He cannot get one in Munich for less than DM1,200 (a month). And then he has to stand in a queue with seven or eight foreigners in front of him." He believes the gap in West German society between the two-thirds who are doing well and the one-third "have-nots" is a "social explosive." And he promises: "The formation of the next government will be decided by the one-third, not by the two-thirds."

The frequent breaking of heads at protest rallies outside his meeting halls evinces the fact that Mr Schönhuber excites great enmity as well as adulation. He seldom travels without a bodyguard. The front door of his offices, strewn with campaign literature and staffed with amiable old ladies, has been freshly strengthened with a massive security lock and steel plating in case of attack.



Schönhuber: off to a Bavarian mountain-top to do some thinking

His Republicans, formed in 1983, with 18,000 members and a power base concentrated in Bavaria, are hardly a mass movement. But, after strong election showings in Berlin and Hesse earlier this year, and the party's 2m votes in the European Parliament poll, he has seldom been out of the headlines in recent weeks. He rejects allegations in the press and television of financial misdemeanours over election expenses as part of what he calls an "anti-Schönhuber campaign" fostered by the other parties and envious journalists.

He admits, though, that if he is to avoid disappointing many of his followers, he will have to work very hard before the Republicans' party congress in November – probably in Saarbrücken. "That's why, for three months, I am drawing beck from the public."

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Congress seeks curb on talks with PLO

By Lionel Barber in Washington

MEMBERS of Congress, outraged that a senior US diplomat recently held informal talks with the founder of the Black September terrorist group, are seeking restrictions on the Bush Administration's discussions with members of the Palestine Liberation Organisation.

The proposed restrictions amount to the first serious Congressional challenge to the administration's Middle East policy which rests, in the short-term, on persuading the PLO to back Israel's plan to hold elections in the occupied West Bank and Gaza Strip.

The Senate legislation – in the form of an amendment to the State Department authorisation bill – says the US may not negotiate with any PLO representative unless the President first certifies to Congress that the Palestinian did not take part in the "death, injury, or kidnapping of an American citizen."

The move, sponsored by Republican Senator Jesse Helms of North Carolina and Democrat Senator John Kerry of Massachusetts, has split Jewish organisations in the US.

AIPAC, the chief lobby group for Israel, supports it along with B'nai B'rith, which claims to be the world's largest Jewish organisation.

The American Jewish Congress and the Union of Hebrew Congregations oppose the restrictions.

President George Bush is expected to argue that the amendment undermines US policy which is to talk to the PLO, provided it continues to renounce terrorism in word and deed.

Mr Bush's foreign policy advisers were unaware – and subsequently disapproved – of the informal meetings between Mr Robert Pelletreau, the US ambassador in Tunis, and Mr Salah Khalaf, principal deputy to Mr Yassir Arafat, and a founder of the terrorist group which carried out the massacre of Israeli athletes at the 1972 Munich Olympics.

Mr Khalaf, whose *nom de guerre* is Abu Iyad, was implicated in the 1973 killing of the US ambassador to Sudan, and was indicted last month in Italy on charges that he had helped supply PLO arms to the Red Brigades.

Mr Pelletreau – who had attended several social gatherings with members of the PLO including Mr Khalaf – applied for permission to expand his dialogue. The application was granted by the State Department.

Venezuela to build $1.3bn oil refinery

By Joe Mann in Caracas and Steven Butler

THE Venezuelan government plans to build a $1.3bn oil refinery, associated with foreign and Venezuelan investors.

The refinery, with a capacity of 180,000 barrels per day of crude, is to meet demand for non-leaded petrol overseas, especially on the US east coast.

Improved quality standards for US petrol, with rising demand, have led to a shortage of refining capacity in the US, with the balance of US demand being met by imports.

Some of the imports have been supplied by European refiners, which has helped to keep European gasoline prices high.

European refiners are considering expensive investments aimed to lift production of high-quality petrol. Venezuela's decision to build a new refinery to serve the US market, however, could cause European refiners to reconsider, especially if this represents a trend by oil producers.

Mr Celestino Armas, Venezuela Energy Minister, said the refinery will be built to produce about 70,000 b/d of petrol and naphthas, 40,000 b/d of distillates and 70,000 b/d of residual products.

He did not say where in Venezuela the new unit would be sited.

Tremors over foreign exchange probe

Joe Mann reports on Venezuela's troubles with alleged import-export irregularities

THE ISSUING by a Venezuelan judge of an arrest warrant for Mr Nestor Rapanelli, the new Argentine Finance Minister, has highlighted the growing controversy over increasingly politicised investigations into the foreign exchange activities of big companies under the Lusinchi administration, which left office in Venezuela in February.

The investigations have forced up to 150 executives of multi-national companies based in Venezuela to leave the country over the past month so as to avoid arrest warrants and travel restriction orders. The court orders – dubbed "judicial terrorism" by the business community – have already dealt a severe blow to private sector confidence, just when the government of President Carlos Andrés Pérez is trying to reform the economy and encourage new investment.

The investigations began this year and focus on alleged manipulation of official authorisations covering the bulk of the $43bn of Venezuela's imports between February 1983 and March 1989. The foreign exchange control scheme known as Recadi (Regimen de Cambios Diferenciales) was eliminated soon after Mr Pérez took office on February 2. Under the scheme, the government approved the sale of foreign currency at subsidised exchange rates (between three and five times less than market rate) to pay for duly-qualified imports made by public and private sector companies.

Last March, Mr Carlos Tablante, a Congressman for the opposition Movement Toward Socialism (MAS), publicly demanded official probes into what he called widespread fraud and manipulation of permits for imports and subsidised foreign exchange, under the Recadi system and sanctioned by the Lusinchi Government. He referred to improper acts, such as over-invoicing, payment of illegal commissions to obtain foreign exchange, phantom imports of non-existent goods and other irregularities.

Multi-national companies, in particular, under scrutiny here and in their home base countries, were careful to comply with all legal requirements. Even so, businessmen say privately the Recadi was open to easy abuse and that some individuals and companies were obliged to pay bribes or illegal commissions to obtain government permits. Public allegations aired last year about major irregularities under the Recadi system were swept under the carpet.

Probes into such irregularities are now being carried out by Congressional sub-committees, a criminal court judge, the Attorney-General's office and other official entities. Evidence of alleged corruption is passed to Judge Luis La Riva, who then decides whether crimes have been committed.

Rapanelli: Warrant out

Thus far, he has issued more than 30 arrest warrants, mostly against high-level executives of private companies, including the Venezuelan subsidiaries of Ford, Pillsbury and three import- and quality-verification companies (SGS, Caleb-Brett and Bureau Veritas). Lawyers for those cited say their clients committed no illegal acts.

The judge, whose actions have been criticised in the Venezuelan press, also has issued temporary exit bans on two Venezuelan former finance ministers, plus a spate of other ex-officials, private sector executives and employees.

The Rapanelli case is not typical. Here the judge decided last month that Gramoven, a large wheat-importing and milling company in which Bunge and Born of Argentina has an interest, had paid excessively high prices for wheat on international markets in past years. On this matter he handed down arrest orders for the company's top executives, including Mr Rapanelli, Bunge and Born's representative on the Gramoven board.

According to a Gramoven executive, the judge's decision was based on studies that used reference prices, rather than real world prices, to determine what Venezuelan importers should have paid for wheat. Moreover, the studies did not take into account items affecting costs such as differences in grades of wheat, and fees for shipping, insurance and disinfestation.

President Carlos Menem of Argentina, who took office this month, seems to have been aware of the situation before he appointed Mr Rapanelli to succeed the late Mr Miguel Roig on Monday. Mr Menem is understood to have discussed the matter with President Pérez before declaring his full confidence in Mr Rapanelli.

Venezuelan law does not readily allow accused prisoners to be released on bail. So individuals jailed in the Recadi affair may spend months trying to gain temporary freedom. Venezuela's legal system has also been widely criticised for political manipulation and bribery.

Some businessmen in Caracas said they were not afraid of a serious legal investigation, but felt that the Recadi probes carried out so far were "arbitrary", "unprofessional" and directed at damaging the private sector's reputation.

Some executives also see the Recadi investigations as a smokescreen to protect former officials who made huge sums of money illegally under the Recadi. Although some probes have been aimed at officials of the Lusinchi administration and associates of the ex-president, most of the investigation thus far has been directed at private companies.

"The inquiries have gone out of control," said the president of a US-based multi-national. "The investigators are going after the big importers, such as automobile and pharmaceuticals, and will use any excuse to discredit them."

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Citibank and Ecuador settle seizure dispute

By Stephen Fidler

A DISPUTE over the seizure by Citibank, the largest US bank, of $80m in Ecuadorean central bank deposits has been settled after the personal intervention of Mr Enrique Iglesias, president of the Inter-American Development Bank.

After meetings at IADB headquarters in Washington, the two sides "agreed to resume fully the normal financial relations which had existed between them for many years," the IADB said. It described the dialogue between the two sides as "extensive, frank and constructive".

Ecuador's central bank now will reopen its trading accounts with Citibank and the New York bank will extend a $80m credit line to the central bank – at market interest rates over five years and repayable quarterly. The central bank will keep on deposit at Citibank, in investment accounts, at least half the credit drawn.

In fact, the $80m credit line will be reduced to $76m immediately, in line with a recent 5 per cent principal repayment made to other banks participating in a 1986 oil finance facility.

Brazilian debt team ready to be 'flexible'

By Ivo Dawnay in Rio de Janeiro

BRAZILIAN foreign debt negotiators yesterday set off for a new round of talks with creditors, still hoping for concessions to avert a *de facto* moratorium on interest payments in September.

Mr Arnim Lore, Central Bank Director responsible for foreign debt, emphasised before leaving for New York that negotiations were continuing. "We are taking a flexible position," he said, adding that he looked forward to constructive talks with commercial banks and institutional lenders.

But the failure of Brasília to meet International Monetary Fund targets that underpinned the accord last year on a $5.2bn refinancing remains.

Protective measures taken this month by Brasília to conserve reserves – by processing all foreign exchange transactions through the Central Bank and by delaying debt interest payments – are also expected to have a negative impact.

Brazil has disbursed only small parcels of a $810m payment due to the Paris Club group of sovereign creditors and is staggering remittances of profits and dividends by foreign companies.

Brady praises Japan over debt reduction strategy

By Peter Riddell, US Editor, in Washington

MR Nicholas Brady, the US Treasury Secretary, yesterday praised Japan and implictly criticised other trade surplus countries such as West Germany and Taiwan over their contrasting willingness to help Third World nations, particularly over their debts.

Mr Brady, reporting back to the Joint Economic Committee of Congress on the seven nation summit in Paris last weekend, said Japan should be "given credit where credit is due by having come forward with hard money to support the US inspired debt [reduction] strategy. This is the way surplus countries can help."

His only qualification was in pointing out that the $65bn overseas assistance programme announced last week by Japan was "not all hard dollars."

By contrast, other countries with almost equally large surpluses had not made generous gestures like Japan. He gave the examples of West Germany and Taiwan as obvious candidates to do the same thing. Such assistance represented ways in which they could show leadership.

Mr Brady acknowledged that US fiscal pressures circumscribed its ability to flesh out leadership with the provision of funds. He said it was a source of embarrassment at the Treasury when the US was unable to come up with its prescribed share of financial support for the World Bank and other multilateral institutions. This constraint was "a serious worry." But he denied that the "baton of leadership" was passing from the US since he discerned no lessening of the role of the US President at the Paris summit.

Brady: financial constraints

More specifically, Mr Brady said talks between Mexico and its commercial bankers would be resolved "fairly soon."

US moves on moon

A PROPOSAL being considered by President George Bush calls for building a manned station on the moon and sending astronauts to Mars, AP reports from Washington.

Mr Bush was expected to make a final decision yesterday on whether to adopt the proposal in a major space policy speech he is to give today on the 20th anniversary of the first steps taken by a man on the moon – the US astronaut Neil Armstrong on July 20, 1969.

A return to the moon, to set up a permanent station, is the centrepiece of recommendations Mr Bush is reviewing, said a US official.

The president's space advisers, led by Vice-President Dan Quayle, are urging him to accept the draft of a speech that calls for a permanent human outpost on the moon, from which humanity's first mission to Mars would be launched, the official said.

Mr Bush had been non-committal on Tuesday about what he will say in the speech, at the US National Air and Space Museum.

Pakistan's last brewery: a hangover from the imperial past

Christina Lamb reports on the survival of the Murree brewery in the face of Islam and a steady flow of foreign imports

The soft option: a thriving non-alcoholic drinks industry stands in contrast to the dwindling brewery trade

TO HAVE a hangover in Pakistan is to make a political statement. Alcohol is forbidden and offenders are flogged. Yet within sight of the Prime Minister's house in Rawalpindi cantonment, Mr M.P. Bhandara manages to run a profitable brewery.

He has a limited market. In a country that is 97 per cent Moslem, only non-Moslems can buy alcohol and then just for religious festivals. Even foreign tourists or businessmen can find alcoholic solace only in five hotels in the whole of the country's majority province of Punjab.

Ordering a beer provokes uneasiness, like walking through customs over the limit. It requires speaking furtively to the hotel manager, filling in permits, greasing palms. Finally, a disapproving waiter appears clutching a basket. Inside, wrapped in layers of cloth and newspaper, is the prized bottle of Murree beer.

Running a brewery in Pakistan requires tenacity. Of the two operating, Quetta brewery has finally succumbed to the power of the mullahs and will close this year, leaving only Murree brewery in Rawalpindi.

This once flourishing brewery was initially set up in the 19th century to supply British forces and administrators in what was then British India.

In its heyday in Second World War, for six years it worked round the clock, producing 15m gallons of beer a year. But in the past 12 years, successive rulers have closed bars and outlets, forbidden sales to Moslems, stopped exports and banned its non-alcoholic beer, forcing the brewery to go into soft drinks.

The Murree brewery was founded by a consortium of Englishmen and retired generals in 1860 after India had become part of the British Empire. The first brewery was built at Ghoragali near the popular British hill station of Murree, and a chain of horse and carts took it to the garrison of Pindi, a 30 mile journey which took a day.

In the late 1920s a brewery opened in Quetta, but that was destroyed in the 1935 earthquake. Malting continued at Ghora Gali till the late 1930s when it was sold to a Hindu combine. Today the old Ghora Gali brewery stands in ruins, a victim of the Partition in 1947, when all Hindu property in Murree was set to the torch.

The Pindi brewery, which had been running as a public limited company quoted on the Karachi stock exchange with several Hindu groups having acquired shares between 1935-7, was closed after Partition as most of the workers and management were Hindus.

In 1948 prohibition was introduced, but alcohol was made subject to provincial laws. Each province had some prohibition, described by Mr Bhandara as "figleaf prohibition."

A permit could be obtained by the production of a doctor's note certifying need for physical well-being. Murree brewery reopened run by British and non-Moslem Pakistanis, the managing director remaining British until 1952. Even today 3 per cent of the shareholders are British.

However, in 1977 the then Prime Minister Zulfikar Ali Bhutto was trying desperately to win over the right in his last days, closed down all non Moslem liquor shops and bars and made it almost impossible to get permits.

Mr Bhandara said the move came "completely without warning. For one month we were closed down totally." Bhutto's action fooled nobody, and, being himself a great whisky drinker, he admitted it was "ill conceived" in his last testimony in March 1979, before he was hung at Rawalpindi central jail which stands next door to the brewery.

President Zia who had seized power from Bhutto in an army coup, saw Islam as the pathway to his legitimacy and introduced total prohibition for Moslems and a sentence of whipping for those caught. Non-Moslems were allowed to buy alcohol for religious festivals, and those supplying alcohol hired Christian servants to buy liquor.

But things did become stricter, with patrols searching the cars of foreign diplomats for alcohol, a practice which continues. And several foreign diplomats were extradited for drinking wine out of a teapot at a Chinese restaurant in Islamabad.

As a further blow to the brewery, in 1980 the Islamic Ideology Council decided it was unbecoming for an Islamic country to be exporting alcohol and banned exports. Mr Bhandara was furious, having been on the verge of signing a big order for the Russians who had entered Afghanistan.

The irony was that almost every well to do house in Pakistan even in the most remote areas have foreign alcohol on offer. Much of it is smuggled across the Indian border into Sind, a large amount comes through Karachi port and off the Makran coast, and while the Soviets were in Afghanistan, Russian vodka flooded Baluchistan and the Frontier Province.

Many influential people are involved and police and customs officers turn a blind eye for a cut. Confiscated consignments are resold and even some embassies in Islamabad run an illicit trade. While the market price has halved over the last three years, the smuggled foreign alcohol costs five times the Murree prices.

Complains Mr Bhandara: "It is a shameful state of affairs where it is easier to buy foreign beer than locally brewed Murree. I go to parties in Karachi and there will be seven brands of foreign beer available and no Murree beer. The government seems happy to see this insidious subterranean distribution of alcohol and lose millions of rupees revenue as a consequence."

Before Bhutto's prohibition the brewery was selling more than 750,000 gallons of beer each year. Now it averages below 190,000. Alcohol is still the brewery's main source of income, as the production costs are low, but Mr Bhandara has branched out into soft drinks knowing his brewing days may be numbered.

Mr Bhandara's patience is running out but he is determined not to be defeated. "They've stopped my outlets, stopped my exports and even my non-alcoholic products, yet they close their eyes to the flood of foreign alcohol coming in illegally. Their laws hit only the poor and us manufacturers – the upper crust gets its water from France, its whisky from Scotland, its beer from Germany and its gin from England – so much for Islamisation."

Vietnam and UK in talks on boatpeople

By John Elliott in Hong Kong

TALKS are taking place this week in Hanoi between Vietnam and Britain on the repatriation of about 35,000 Vietnamese boatpeople now in Hong Kong who are unlikely to qualify as political refugees but are not volunteering to go home.

Broad agreement was reached between the two countries at the end of last month, including a pledge by the UK that it would step up economic aid to Vietnam.

This week's talks concern detailed arrangements for the repatriations which Vietnam has so far not accepted. An aircraft has been provisionally organised to take the first group of under 100 back next week if agreement is reached.

This will be a major breakthrough for Hong Kong, which has been calling for the forced repatriation of boatpeople. Vietnam has refused to accept this and a compromise reached last month involved dropping the word "forced" from the agreement. Hong Kong has been trying to avoid publicity for the plan, partly because the US is opposed to forced repatriation.

However, there is no plan physically to force people to return. The boatpeople are screened to test whether or not they are political refugees. Those rejected – about 90 per cent of the total – will be urged by counsellors from the United Nation's High Commissioner for Refugees to return home. Some will later be instructed to do so.

There are now around 50,000 boatpeople in Hong Kong, of whom more than 35,000 have arrived since June last year when Hong Kong changed its rules and refused to regard new arrivals automatically as refugees.

So far 1,983 have been screened, of whom only 256 have been accepted as genuine refugees.

Ministers sacked in S Korea

SOUTH KOREA'S President Roh Tae-woo sacked six ministers and the country's intelligence chief yesterday in a cabinet reshuffle, but failed to placate critics demanding full democracy, Reuter reports from Seoul.

President Roh, harassed by mounting political dissent and widespread industrial unrest, kept many key members of his 22-strong cabinet, including Prime Minister Kang Young-hoon, Foreign Minister Choi Ho-joong, deputy premier Cho Soon and other main economic planners.

Critics of the government immediately complained that the reshuffle did not go far enough to overcome problems facing the rapidly industrialising country.

"The so-called reshuffle only betrays the Roh government's ulterior motives designed to revert to authoritarianism while paying lip service to democracy," a spokesman for the opposition Party for Peace and Democracy told reporters.

"Most of the new faces are either people groomed by (former president) Chun Doo Hwan or hawks in the ruling camp," the spokesman said.

Those shaken out of the cabinet included Interior Minister Lee Han-dong, who was secretary-general of the ruling Democratic Justice Party under Chun.

Lee, as civilian chief of South Korea's 140,000 police, has been under fire from the opposition for a renewed clampdown on dissidents, including those Roh calls leftist revolutionaries favouring communist North Korea, Seoul's foe.

His post has been filled by his former deputy in the ruling party, Kim Tae-ho, regarded by many as a hardliner towards dissent.

Roh also sacked Park Seh-jik as the country's intelligence chief. Despite not being a full cabinet minister, Park was a trusted aide to the president.

UN chief inspects Namibian progress towards independence

By Anthony Robinson in Johannesburg

MR Javier Pérez de Cuéllar, the UN Secretary General, today continues his review of the Namibian independence process when he flies to Ovamboland in northern Namibia before his planned meeting with President P W Botha of South Africa and Mr Pik Botha, the Foreign Minister, tomorrow.

Mr Pérez de Cuéllar, on his first visit to Namibia for six years, yesterday held talks with local UN officials and military commanders, representatives of 10 of the country's more than 40 political parties and senior Swapo officials and Mr Louis Pienaar, Pretoria's Administrator General.

On arrival at Windhoek airport on Monday night he said that "an irreversible process has been set in motion that will bring Namibia to independence through free and fair elections."

Officials of the South West Africa People's Organisation (Swapo) have continued to complain of alleged intimidation by members of the former Koevoet (crowbar) counter-insurgency unit now operating with the South West Africa Police.

South Africa has accused Swapo of illegally infiltrating armed political commissars from neighbouring Angola across the border into Ovamboland in northern Namibia. The region is electorally crucial, home of more than 50 per cent of the population.

Swapo officials in Windhoek have denied the claim and also rejected South African allegations that a 1,900-strong guerrilla force was planning to cross into northern Namibia in Angola. UN officials in the territory's capital said they had no evidence Pretoria's claim.

Pretoria remains deeply suspicious of the impartiality of some UN officials and military contingents which make up the 4,650-strong UN Transition Assistance Group (Untag). President Botha and his Foreign Minister are expected to ask the UN Secretary General to ensure the impartiality of the UN forces. They are also expected to call for an investigation into the fate of several hundred Swapo dissidents and the whereabouts of nearly 40,000 alleged refugees, for whom Swapo claimed funding from the UN but who have yet to be located for repatriation.

● Mr F W de Klerk, leader of South Africa's ruling National Party, yesterday discussed closer political, economic and trade links, and ways of improving security, during talks in Maputo with President Joaquim Chissano.

Mozambique now accepts that Pretoria no longer supports the Renamo rebels but is offering financial and other assistance to improve road and rail links between the Transvaal and southern Mozambique.

Representatives of the Zulu Inkatha movement, the trade unions and the United Democratic Front (UDF) are to meet urgently in an attempt to calm the latest upsurge of violence in the Natal townships. Police reported that a further six people died in fighting between rival groups overnight after 24 died over the weekend, Anthony Robinson reports.

Violence also returned to the Mpophomeni township near Howick in Natal which has been a focal point of violent protest since 1,000 workers were sacked from the BTR-Sarmcol plant four years ago. At least one Sarmcol worker was reported to have been killed as a crowd of around 1,000 attacked workers outside the plant.

ALL THE FUN OF THE FAIR: Martial law troops in Peking take a break from their duties at an amusement park yesterday. Residents say the military is attempting to improve its image in the wake of last month's crackdown against the pro-democracy movement

Burma opposition forced to call off ceremony

By Roger Matthews in Bangkok

A MASSIVE military presence in Rangoon yesterday forced Burmese opposition parties to call off ceremonies to mark the 42nd anniversary of the assassination of General Aung San, who led the country to the brink of independence from Britain.

Gen Aung San was killed by a political rival, along with eight of his cabinet colleagues.

Aung San Su Kyi, the general's daughter who heads the National League for Democracy, the biggest opposition party, took part last year in the official ceremonies, which include laying wreaths at the martyrs' mausoleum near the Shwedagon Pagoda Hill. However, she refused to do so this year.

Her plan to organise a rival martyrs' day ceremony and recent bomb explosions in Rangoon and Syriam, on the opposite bank, prompted the military government to increase troops in the capital and invest regional military commanders with wide powers under martial law.

Western diplomats said it was the largest display of force in Rangoon this year.

Mr David Storey, a correspondent for Reuters news agency who arrived in Rangoon on Monday, was arrested at his hotel on Tuesday night and deported yesterday despite having a valid journalists' visa.

Gandhi under attack over Bofors

By K.K. Sharma in New Delhi

BOTH houses of India's parliament were adjourned yesterday after persistent and noisy demands by opposition members for the resignation of Mr Rajiv Gandhi, India's Prime Minister, made normal proceedings impossible.

The reason for the resignation demand was once again the $1bn deal with the Swedish company Bofors for the purchase of howitzers for the Indian army. Mr Gandhi and his friends have been under attack for more than two years over corruption allegations surrounding the Bofors issue.

The revival of the concerted opposition offensive yesterday followed the belated publication of a report by the Comptroller and Auditor General on the Bofors deal which questioned the Government's case for choosing the Swedish gun in preference to Sofma, a French competitor.

The report raised questions over whether the Indian Defence Ministry properly evaluated the operating costs of the rival Swedish and French bids. By implication, this counters the findings of a Congress-I dominated parliamentary committee which last year investigated the Bofors deal and cleared the Government. The committee was boycotted by the opposition.

Opposition members yesterday insisted that after the "indictment" of the Government by the comptroller, it had no right to continue in office and demanded the immediate resignation of Mr Gandhi.

The comptroller's report criticises the Government, the Ministry of Defence and Army headquarters on various counts. It lists several lapses in not only the technical and financial evaluation of the offers leading to the decision to award the contract to Bofors but also the Government's failure to eliminate middlemen in the deal. Critics of the Bofors deal have said payoffs were made through the middlemen.

The report has found that Mr Gandhi's instructions on the evaluation method were also flouted by the Defence Ministry before the contract was signed with Bofors in March 1986. It points out that the Defence Ministry was not thorough in the technical evaluation of the Bofors gun or ammunition.

It also shows that on all other major considerations – elimination of agents and the financial and credit components of the deal – the Ministry reached conclusions of doubtful validity in indicating its preference for the Bofors system. The report also makes it clear that the financial implications of manufacturing the Bofors gun in India were not comprehensively and methodically dealt with.

Kaunda plans talks with de Klerk

By Patti Waldmeir in Lusaka

PRESIDENT Kenneth Kaunda of Zambia said yesterday he would soon meet Mr F W de Klerk, the leader of South Africa's ruling National Party, and was hoping to act as an intermediary between him and the outlawed African National Congress. The ANC has its headquarters in Lusaka.

Mr Kaunda told the Financial Times in an interview that he had invited Mr de Klerk to meet him at Livingstone, on Zambia's border with Zimbabwe, the scene of his meeting with former South African Prime Minister John Vorster 20 years ago. No date had been set but Mr de Klerk had indicated his willingness to attend.

Mr Kaunda said he hoped the meeting would prepare the ground for negotiations between Pretoria and the ANC though he noted no such talks could take place before independence elections in Namibia on November 1.

The ANC has recently taken tentative steps to prepare for negotiations, though its officials continue to stress that conditions are not yet ripe for talks.

Mr Kaunda said that the successful conclusion of Namibian independence elections was crucial for further progress in southern Africa, noting that he hoped "talks about talks" – involving South Africa, the front-line states and the superpowers as well as possibly the ANC – could begin soon afterwards.

At a press conference earlier, Mr Kaunda said the country's economic recovery programme had gained the support of the International Monetary Fund and World Bank. In mid-1987 Zambia suspended a recovery programme endorsed by the Fund and launched what was described as an alternative recovery strategy.

Mr Kaunda's announcement follows a series of recent policy changes, including a devaluation and the lifting of price controls.

However, Western diplomats said yesterday that a formal agreement with the IMF had not yet been negotiated.

LDP 'may seek opposition help after poll'

A LEADER of Japan's ruling Liberal Democratic Party (LDP) said yesterday that if it fared as badly as expected in Sunday's Upper House election, the party might ask the opposition Democratic Socialist Party (DSP) for help, Reuter reports from Tokyo.

The DSP's leadership has said it will not throw its support behind the scandal-ridden LDP, which looks likely to lose its majority in the Upper House of parliament in Sunday's poll.

However, Mr Ryutaro Hashimoto, LDP secretary-general, told a news conference his party and the DSP had many policies in common.

"We have been able to ask for co-operation from them in the past," he said. After the Upper House election "there will be an occasion for us to ask for such co-operation again."

DSP chairman Eiichi Nagasue told a news conference in the western city of Kobe that Hashimoto's comment was "nonsense."

The DSP, the third-largest opposition party, holds conservative views on many policies. It is highly critical of the Japan Socialist Party, the largest opposition party, which looks set to gain most from the anti-LDP vote.

Iranian exiles watch despairingly from the sidelines

Tehran's opponents abroad wait in vain for the predicted post-Khomeini chaos, writes **Scheherazade Daneshkhu**

EVERY so often in London and other cities passers-by are stopped by a man or woman holding a large black book of photographs and asked to demonstrate their support for the suffering people of Iran with a donation.

These representatives of the Mujahideen-e Khalq, one of Iran's main opposition groups abroad, whose presence on the streets of London has diminished over the years, are what is left of the visible signs of organisation among Iran's exiled opposition movements.

As Iran's Islamic government presses on with constitutional reform and prepares for presidential elections next week with little sign of the chaos predicted after Ayatollah Khomeini's death, the country's exiled groups find themselves in an increasingly marginal position.

Denouncing current political manoeuvres in Iran from the sidelines, their activities within the country have been hampered by their own divisions and by a ruthless purge of political prisoners involving mass executions. Amnesty International, the human rights group, reckons that 1,700 political prisoners were executed last year after the ceasefire in the Gulf war. A further 1,000 people are said to have been hanged since the beginning of January in what the authorities have said is a crackdown on drug trafficking. There is reason to believe that about one-third of these executions are in fact political killings.

In a sense these executions demonstrate that the Iranian government, at least, does not believe the external threat is over. Last week the newly-appointed leader of the republic, Ayatollah Khamenei, warned that "the global enemies of the Islamic Republic have not ceased their hostility, malice, conspiring and trickery against the Islamic Republic. The people must be alert and watchful."

Such warnings stand in contrast to the opposition groups' manifest failure either accurately to predict or to influence events within Iran. The strategy of all the main groups outside the country – the monarchists, the Mujahideen and the left-wing – has been to look for the weak link in the clergymen's chain and to press hard until it snaps. For the Mujahideen and some of the left-wing groups this has meant a resort to arms or sabotage. For others it has meant exhorting a popular uprising or predicting the imminent downfall of the Government.

Most of them have concentrated their attention on the regime's human rights abuses and promised to set the country back on its original democratic path at the beginning of the revolution before it was hijacked by the clergy.

But what has been particularly demoralising for the opposition groups has been the Iranian government's ability to hold on against the odds. From the start few among the educated opposition believed that a bunch of *mullahs*, or clergymen, could be intelligent enough to run a country.

Now that the Islamic Republic appears to be surviving not only defeat in war but also the death of its paramount leader, a good deal of soul-searching is under way among the opposition groups.

Each has had its particular setback. The Mujahideen, which has its headquarters in Baghdad, believes that Iran's government can only be overthrown by force of arms. To this end, it formed a strategic alliance with Iraq and fought alongside President Saddam Hussein's troops. The Mujahideen lost, by its own estimate, some 5,000 men.

The Mujahideen's television station, broadcasting from Iraq, and its weekly newsletter have been shut down, though the Mujahideen denies this is due to Iraqi pressure. "We are not discouraged," said the group's London spokesman. "In fact I predict a decisive turn this summer."

By contrast, the monarchists are plagued by a weak organisational structure and internal divisions which have created a host of competing small groups.

Unlike the Mujahideen, the Kaviyani Banner of Iran, an Egyptian-based monarchist group, urged its supporters to defend Iran by fighting against the Iraqis. Since the end of the Gulf war the Shah's son Reza has adopted a higher profile than previously and embarked on a European tour aimed at drumming up support.

In recent months, however, disagreements have surfaced with one of the supporting groups and the Young Pretender has instead been reinforcing links with Dr Shahpur Bakhtiar, his father's last prime minister.

Iran's new policy of opening up to the Soviet Union has also put the left-wing groups, particularly the Tudeh (Communist) party and the Kabul-based Sadayin-e Khalq, in a difficult position. Moreover, the Sadayin is split into majority and minority wings, with further splits among the minority group. An additional blow has been the execution of more than 1,000 Tudeh members last autumn and a stranglehold on left-wing organisations within the country.

Other exiled opposition groups amount to little more than a cluster of people around a personality. These include Ahmad Madani, a former admiral who ran for president in the republic's first elections and who openly admits to being funded by the US government.

The man to whom he lost the elections, Abol Hassan Bani-Sadr, has seen his opposition activities hindered by a lack of funds. He is also loathed by other groups for having co-operated with the Islamic Republic in the first place. "Bani-Sadr is the greatest traitor," said one dissident. "It was he who showed the *mullahs* that any old fool could become president of a country."

Some of the difficulties the opposition is suffering are of its own making. The unity that Iran's opposition showed in overthrowing the Shah has been markedly absent in the Khomeini era. Petty in-fighting has led to cynicism among would-be dissidents. Some argue that the anti-Khomeini choice is basically limited to the monarchists and Mujahideen. "I would love to see Khomeini go," said one Iranian, "but I'm being asked to choose between the return of the old regime or a bunch of Stalinist fundamentalists."

In reality the opposition faces a particularly intractable situation. The Islamic Republic's ruthless treatment of its opponents has meant that they have to operate at a great distance from the country and far removed from grass-roots support. Many of the leaders are old-timers and are seen by some Iranians as having blown their chances at the time of the revolution.

Conditions within Iran are also markedly different from the late 1970s and are apparently set to change further with the election on July 28 of a new president. While the post-Khomeini leadership is faced with crippling political, social and economic problems, the threat of organised insurrection co-ordinated from outside the country is not nearly as serious as that posed by home-grown discontent.

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WORLD TRADE NEWS

TOKYO DENIES CLAIM OF UNFAIR SHIPBUILDING SUBSIDIES

Japanese fear new US trade row

By Robert Thomson in Tokyo

JAPANESE shipbuilders fear that US allegations of unfair government support for the industry, which has begun to emerge slowly from a severe downturn, could become the next big bilateral trade issue.

The Japanese industry was cited, along with those of West Germany, Norway and South Korea, in a report prepared by the Shipbuilders' Council of America and now being studied by the office of the US Trade Representative, which is due to decide in the next couple of days whether to take action.

Shipbuilders here say that they are "nervous" about the possibility of the claims becoming another symbolic trade issue, as was the case with the drive by Motorola, the US communications equipment company, to win radio frequencies for its mobile phones in Tokyo. Now that this issue has been settled, Japanese trade officials have been curious to see which will be the next one to take off.

The Japanese government, through its embassy in Washington, has delivered a note to the US government expressing "deep regret" and denying allegations of unfair subsidies, which were raised in the report formally handed to the US Trade Representative early last month.

"We have been keeping international rules and giving no government aid that would destroy the conditions for free competition. We have not taken any political action that would fall under Section 301," the note said. "We deeply regret the application by US shipbuilders. The content of this application is unreasonable."

Industry analysts suggest that the US Trade Representative will have no difficulty identifying subsidies in the two European countries named, but that Japan is a particularly difficult and sensitive case to unravel. One Western analyst said that "anything involving Japan and trade is likely to become a big issue now" in Washington.

US shipbuilders have said that they would like to get about 2 to 3 per cent of the international market, in which Japanese builders had about 38 per cent of new orders last year and Korean builders 24 per cent. The US allegations come just as the Japanese industry thought that it was making progress after a forced restructuring.

Takao Shinohara, director of the Ministry of Transport's International Affairs Office, said that claims of subsidies have been made over actions taken by the government in accordance with an Office for Economic Co-operation and Development committee's requests to reduce capacity.

He said that the government had bought land owned by some shipbuilders to help those companies ease out of the industry, and that loans by a government bank to shipping companies buying ships are not received by the shipbuilders themselves.

"The situation has been very bad in the industry, and we were requested to reduce capacity, so we had to help people retire from the industry. The US has also raised the issue of research and development, but we only fund very modern projects to maybe 20 to 30 per cent. We are not cited by other countries," Mr Shinohara said.

If the US Trade Representative decides that the US shipbuilders' application is reasonable, it is likely to launch an investigation into the industry and draw up a list of reform demands for the various governments.

Brussels adopts air plan

By David Buchan in Brussels

THE EUROPEAN Commission yesterday formally adopted its proposals for a second stage liberalisation of the European airline industry, planned to take effect in mid-1990 and to give airlines more rights to set their fares and routes.

The proposals, which EC transport ministers will start discussing in October, go further than the first phase of deregulation, agreed two years ago, by limiting governments' ability to block fares and routes, by allowing more market penetration for more dynamic carriers, and by allowing so-called cabotage. This would permit an airline from one EC state to offer services on routes between other countries.

Presenting the decision, Mr Karel van Miert, the EC transport commissioner, cited the recent right given Finnair to pick up passengers between Stuttgart and Hamburg as an example of the new freedoms he wanted to extend. Sir Leon Brittan, the EC competition commissioner, cautioned, however, that Brussels would not follow the example of US anti-trust authorities in allowing "big airlines to gobble up the smaller ones".

Both commissioners contended that further liberalisation of air transport would not add to the sector's traffic congestion problems.

Austria set to ban arms exports

By Judy Dempsey in Vienna

AUSTRIA'S socialist-led coalition government is expected to ban arms exports, after fresh allegations that the state-owned weapons industry illegally sold arms to Iran and Iraq during 1985 and 1986.

The move to amend legislation which bans the export of certain types of weapons to countries at war, came after an investigation began into the alleged involvement in illegal arms deals of Mr Fred Sinowatz, the former socialist chancellor.

If the amendments are passed, it could lead to job losses in the 5,000-strong arms industry workforce. The bulk of Austrian weapons are produced by Steyr-Daimler-Puch and Noricum, both state companies, as well as Assmann, a privately-owned company which is rapidly expanding in this field of production.

The management at Noricum, a subsidiary of Voest-Alpine, the giant steel and engineering company, has already admitted that it sold more than $300m of guns and ammunition to Iran, despite stringent export regulations.

Eighteen of Noricum's managers are expected to face trial later this year. Recently, Mr Karl Blecha, the former Interior Minister and Mr Leopold Gratz, the former Foreign Minister, who were in the cabinet when the weapons were sold, resigned.

Companies involved in the export of certain categories ofweapons, which include guns, small arms, tanks, missiles and ammunition, but not trucks, sniper guns and military vehicles, are required by law to seek the permission of the Interior Ministry before any contract is signed.

The ministry then has to refer to the Chancellor's office, the Foreign Ministry and the Defence Ministry which also have to consider if Austria's neutrality would be undermined if arms were sold to certain countries.

Last week, Mr Franz Vranitzky, the Chancellor, said that "experience has shown that it is better for a small neutral country to have nothing to do with large weapons systems . . . I believe we should gradually withdraw from this."

During the 1970s, Austria's arms exports reached Sch8bn (£372m). They sharply declined in the early 1980s, and are now estimated to be no more than Sch2bn. However, none of the ministries has been willing to reveal the precise value of these sales.

Former Chancellor Fred Sinowatz: under investigation

Turkey in $150m Soviet credit deal

TURKEY and the Soviet Union have reached an agreement on a second line of credit of $150m to be made available by the Export Import Bank of Turkey (Eximbank) to support Turkish exports in payment for imports of Soviet natural gas, writes Jim Bodgener in Ankara.

A letter of intent was signed earlier this month during a visit to Moscow by the Mr Ekrem Pakdermirli, Turkish Finance and Customs Minister.

The first $150m, three-year line of credit to the Soviet Union was tied up in April – the second is for four years.

Both credits will be linked to the 30 per cent cash element of the agreement to import natural gas from the Soviet Union.

Eximbank has also prepared a $100m line of credit for Algeria, but on commercial terms, according to Dr Turgay Ozkan, the institution's general director.

According to the present draft, Eximbank would guarantee loans extended to Turkish exporters by commercial banks.

The institution has also increased the amount of credits of which it will guarantee 85 per cent to support Turkish contractors working abroad to $750m.

Iraq has been allocated $400m, and the remainder will be divided among other countries including Tunisia, Iran, Syria and Algeria. Turkish contractors have already oversubscribed the quota for Iraq, according to industry sources.

Gatt shirks main issue in talks on liberalising air transport

By William Dullforce in Geneva

DISCUSSIONS on liberalising air transport in the Uruguay Round trade talks are likely to focus first on peripheral issues such as computer reservation systems, ground handling operations at airports and perhaps charter traffic. The core civil aviation business is seen as too complex to be tackled directly at an early stage.

That at least is the conclusion that might tentatively be drawn from the discussion this week in the group negotiating on services.

The group was testing the applicability to the transport business and tourism of the principles which the trade ministers decided, in December, might be included in a framework agreement liberalising trade in services.

The core civil aviation business rests on a complex network of bilateral air-transport agreements under the Chicago Convention and is closely involved with the sovereignty of national air spaces and national security issues.

Until governments had been able to assess fully the implications, liberalisation of the rules governing trade in aviation and shipping services would be premature, the US said

The principle of non-discrimination embodied in the General Agreement on Tariffs and Trade was basically incompatible with the existing bilateral treaty structure of the Convention and, in the shipping sphere, with the cargo-sharing provisions of the United Nations liner code.

The code aims at ensuring that developing countries get a share of maritime trade.

Some countries, including Australia and New Zealand, while recognising the difficulties of changing the aviation structure, insisted that the possibility of liberalising it at a later stage should not be abandoned.

The European Community saw a need for "creative thinking" about long-standing international agreements. Scope for faster removal of trade-restricting obstacles in civil aviation appeared when the group discussed the principles of transparency and market access.

The US pinpointed the need for more openness in the airline rankings used in computer reservation systems.

The Gatt secretariat had said that reservation and ticketing systems jointly owned by competing airlines could impede access to markets for smaller airlines.

It also called attention to the failure of many countries to register their bilateral agreements with the International Civil Aviation Organisation, and to the lack of market transparency caused by the many confidential side-agreements which sometimes significantly alter the intentions shown in published bilateral agreements.

The Uruguay Round services group tested the application of the trade ministers' principles to international trade in telecommunications and construction in April.

It will examine financial services in September, after which it will try to draw conclusions about how to design a framework agreement for liberalising trade in services.

Fiat units win dam contract

FIAT Spa construction units Cogefar Spa and Torno Spa have won a contract to build a dam at M'jara, Morocco.

The dam, which is designed for irrigation, flood control and the industrial exploitation of water, will be the largest in Africa after Egypt's Aswan Dam.

The dam will protect 150,000 hectares of farming land from periodic flooding by the Ouerrha river, irrigate 100,000 hectares and produce 390m kWh of electricity per year.

Countries for review named

By William Dullforce

THE Gatt Council yesterday listed the first dozen countries whose trade policies will be examined under the new review mechanism agreed by trade ministers in December.

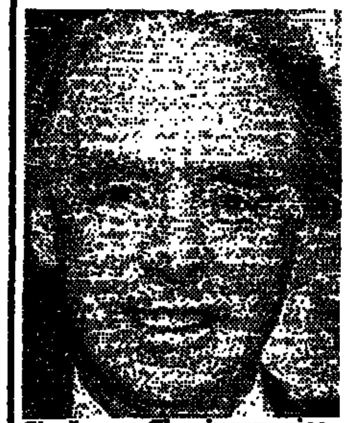
US policy had already been marked for review this year. Washington will now be joined by Australia and Morocco with the reports on all three countries scheduled for debate in the Gatt Council in December.

Reports on Sweden and one other country, most likely from Latin America, will be submitted to the council next spring. Canada, Hong Kong, Japan and New Zealand will be examined during the summer, while it will be the turn of the European Community, Hungary and Indonesia in the autumn of 1990.

In its last session before the summer break the council yesterday:

- Opened the way for Bolivia to become the 97th member of Gatt by approving the terms of its accession.
- Agreed to set up a working party to examine exports of domestically prohibited goods and other hazardous substances.Developing countries, particularly in Africa, have long been pressing Gatt to discipline companies which export pharmaceuticals, chemicals and pesticides that have been banned in their home countries; their concern has recently extended to toxic wastes.
- Received agreement from the European Community that a disputes panel examine a US complaint about EC restrictions on exports of copper scrap.
- Heard the US refuse for the sixth time running to comply with a Gatt panel ruling against its handling of patent infringement cases; Mr Rufus Yerxa, the US ambassador, said Mrs Carla Hills, the US Trade Representative, had started intensive talks with the Congress and businessmen on the circumstances under which the US might be able to comply.
- Heard Canada agree to accept a panel ruling against its complaint over a Japanese levy on imports of certain spruce, pine and fir lumber.
- Grudgingly accepted a South Korean request for more time to conform with a panel ruling that it should open its beef market; the Koreans said they were starting talks with the complainants, the US, Australia and New Zealand, and were ready to restore their import quotas to their pre-1984 level.

UK NEWS



Sir James Cleminson: rise in exports should continue

Exporters performing well, says trade board

By Peter Montagnon, World Trade Editor

EXPORTERS are performing well in spite of last year's record £20.6bn visible trade deficit, Sir James Cleminson, chairman of the British Overseas Trade Board, said yesterday. During the first five months of this year non-oil exports rose by 16 per cent in value terms over the same period last year, and that trend was continuing.

"This is absolutely not a period of gloom or doom," he said after launching the BOTB annual report. "There is a very real competitiveness in UK industry."

Sir James suggested that the UK trade deficit appeared to be caused more by rising imports than by weak export performance, but three-quarters of the increase in imports over the last 12 months had gone direct to industry in the form of capital and intermediate goods and components.

Some 15 per cent of the increase was due to imports of motor vehicles, a sector poised to become more competitive.

The foreign content of goods manufactured in the UK was still not as high as the import content of West German goods, he said. That was a further pointer to UK competitiveness.

"Provided wage inflation does not run away, British industry should be in an excellent position to take advantage of opportunities in world markets," he added.

Commenting on individual markets, Sir James noted that UK exports to Japan had increased by 38 per cent in the first five months of this year, reflecting the Government's campaign to boost exports to that country. Exports to West Germany had also responded well to a BOTB campaign.

Elsewhere the BOTB annual report records that UK export orders won with the help of finance under the Government's aid and trade provision totalled £244m in the last fiscal year to end-March.

Rail watchdog sees risk of failure in BR privatisation

By Kevin Brown, Transport Correspondent

PRIVATISATION of British Rail *could be a disastrous failure* unless the Government implements strong safeguards for passengers, the Central Transport Consultative Committee said yesterday.

The official railway watchdog said in a report on the privatisation prospects: "Millions of people could suffer a substantial loss of personal mobility leading to great hardship."

It added: "If that were to be the outcome of privatisation, then passengers would judge it a disastrous failure."

The committee said there had been tension over the past five years between BR's traditional public service responsibilities and the management's attempts to introduce commercial disciplines on the railway.

Government subsidies for passenger services have been cut from more than £1bn in 1983 to a forecast £606m in the current year – a reduction of more than 50 per cent in real terms.

The CTCC said the result was fewer trains, fewer carriages, more track singling, destaffing of stations and proposals to close some lines.

The report said five safeguards were needed to maintain a balance between public service and the pursuit of profits, especially if BR was to be broken up into competing private companies:

- Guarantees that subsidies for passenger services will be continued to protect loss-making lines;
- Retention of the existing statutory procedure for line closures, requiring a long period of public consultation;
- *Retention of a national system* of concessionary fares and through-ticketing;
- Establishment of a strong regulatory office with power to control prices and set quality and safety standards;
- Retention of statutory consumer councils with legal rights to represent consumers.

"Unless all these safeguards are met, many rail users could quickly find themselves worse off following privatisation, with the possibility of summary rail closures, reduced service quality, higher fares and an unco-ordinated and a run-down system," the report says.

Mr Mike Patterson, the CTCC secretary, said the committee was neither for nor against privatisation in principle. However, it "does not share the view of some participants in the debate that any form of privatisation would automatically be an improvement on the present situation."

He added: "If privatisation goes ahead, passengers will judge its success by whether or not they get a better deal."

Education cuts loom, say MPs

By David Thomas, Education Correspondent

THERE could be real cuts in educational spending this year because the Government has based its spending plans on an over-optimistic inflation assumption, the Commons education committee warned yesterday.

The committee also called on the Government to re-examine its spending plans for the universities and polytechnics, which it said would sustain a 4 per cent pay increase only for academic staff next year.

Those are some of the main conclusions of a report from *the committee yesterday on* government spending plans for education.

Much of the report is devoted to the pattern of public spending on education in recent years – a subject of great political controversy.

Spending on education has risen by 10 per cent in real terms since 1986-87, more than restoring the cuts made in the early 1980s.

It is now planned to keep spending constant to 1991-92.

However, the committee warns that cuts may be necessary because plans for a 0.5 per cent real increase this year were based on an optimistic 5.5 per cent inflation assumption, against a higher actual rate.

The report also complains that it is impossible to tell whether the £11bn spent annually on schools is yielding value for money, because the Government lacks reliable measures of performance for the schools' budget.

It points to a lack of *apparent coherence in the trend for* improved pupil-teacher ratios in schools, but worsening ratios in further education colleges and polytechnics.

The committee highlights the paradox that, in spite of recent real increases in spending, the public still believes that education is suffering from cuts.

Government officials told the committee this was because some costs not directly visible to the public – such as teachers' pay – had risen in real terms, while spending had been cut on more visible parts of the budget, such as school transport, meals and milk.

Roughly half the 37 per cent real increase in spending per pupil since 1979-80 went on teachers' pay, with the other half going to provide better pupil-teacher ratios and increased spending on books and maintenance.

Some spending rises were sanctioned by local authorities against the Government's wishes.

- More than 350 British students will get up to a year's training with high-technology companies in other European Community countries, under awards announced yesterday as part of the fourth tranche of an eight-year Community programme known as Comett.

Department of Education and Science and Office of Arts and Libraries Expenditure Plans 1989-90 to 1991-92. HMSO. £7.40

Orders for housing down since Easter

By Andrew Taylor, Construction Correspondent

CONSTRUCTION orders for new housing have fallen sharply since Easter. This year it occurred at the end of March and is traditionally one of the best selling periods for housebuilders.

Figures published yesterday by the Department of the Environment showed that the value of orders for private housing during the three months to the end of May, including March, were 23 per cent lower than in the previous three months and 17 per cent lower than in the corresponding period last year.

The figures at constant 1985 prices were adjusted to take account of seasonal variations, the department said.

Orders from all sectors of construction were 5 per cent lower than during the previous three months but 1 per cent higher than during the corresponding period last year.

Mr Jamie Stevenson, building analyst for Kleinwort Benson Securities, said: "The figure could have been worse. Total construction orders for the first five months of this year are at about the same level as during the first five months of 1988 – despite the collapse in the housing market.

"It suggests that construction output as a whole should remain at present high levels up to the second quarter of next year."

Failure to curb a coronary killer

Alan Pike examines a critical view of efforts to prevent heart disease

CORONARY HEART disease, Britain's biggest killer, causes 180,000 deaths annually and leaves a treatment bill of £500m a year.

By comparison, the National Health Service invests a modest £10m a year in prevention, even though Britain's heart disease mortality rates are among the highest in the world.

In a report published yesterday, the Commons public accounts committee expressed concern at the "stark contrast" between levels of expenditure on treatment and prevention, and deplored Britain's generally poor performance in reducing the disease's death rates.

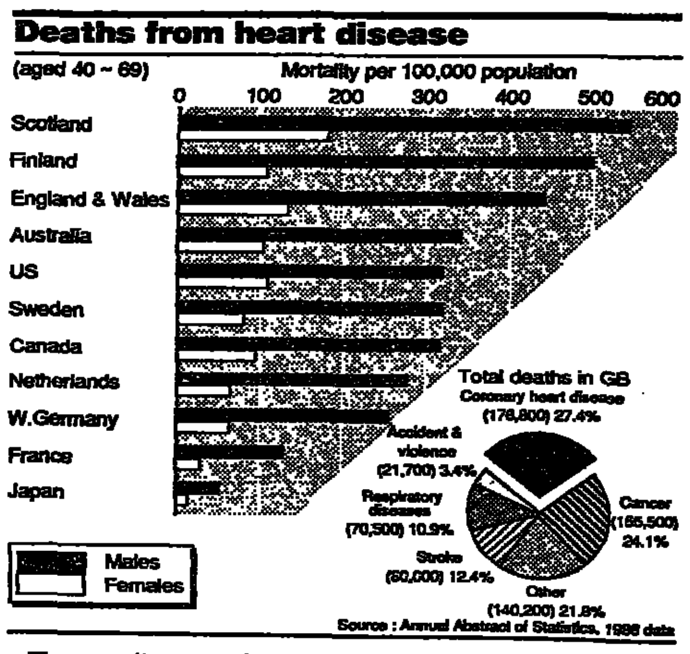
Mortality has dropped by 10 per cent for men aged 40-69 and 2 per cent for women in the same age group since the late 1960s, but countries such as the US, Canada and Australia have seen their death rates decline four or five times as fast.

The cost of treatment is not the full economic price of heart disease. As well as the £500m a year spent by the NHS on treating sufferers, coronary conditions account for about 35m working days lost each year – 10 per cent of the total – and in 1984-85 cost £250m in sickness benefits.

So prevention is not only better than cure – particularly since there will be no cure for *many victims – it is cheaper.*

In its report the public accounts committee expresses surprise, in view of the success of other countries at reducing levels of heart disease, that it was only in the mid 80s that specific health education campaigns aimed at preventing the condition were introduced in England and Wales.

The committee is particularly concerned about the position in Scotland, which has one of the worst international records for heart disease and where there is no specific campaign to alert the public to the risks because the Scottish Office prefers to promote better health in a general way.



The committee says the Scottish Office's view that its non-specific approach has been effective is not shared by the medical profession in Scotland; "nor is this approach in line with that taken in most other countries."

Half of all heart attack deaths occur within two hours of the first symptoms. In 1984 the Department of Health asked health authorities to consider training ambulance crews in advanced resuscitation techniques, so that treatment could begin before patients reached hospital.

But the department has not monitored the outcome of its initiative, and the committee says that in an area where so many lives are potentially at stake there is "an urgent need to evaluate the effectiveness of such training."

Yesterday's public accounts committee report coincided with the introduction of what is claimed to be Britain's first private health insurance scheme related specifically to heart disease. The Lifeforce Heartcare Plan from Bristol-based Medisure, which advises companies on medical insurance and private health care, offers cover for private treatment for heart-related conditions at an average annual cost of £30 per person enrolled in a corporate scheme.

The scheme will stress the importance of prevention as well as cover the cost of treatment. Scheme members will be able to undergo heart assessment tests, and those found to be at risk will receive educational literature.

"Our intention is to encourage members to lead a healthier lifestyle, as undoubtedly the key to this major national problem is prevention through more education," Dr Michael Goldsmith, Medisure's medical director, said.

All recent big campaigns to prevent heart disease have identified smoking, blood pressure and cholesterol levels in food as the big dangers. However, the value of the conventional health education approach is questioned in recent work by Prof Hans Eysenck, Emeritus Professor of Psychology at London University.

He gives priority to the existence of a "close relationship between cancer and coronary heart disease, on the one hand, and stressed personality on the other."

He supports the need for preventive medicine to reduce these conditions, but says the usual recommended remedies of giving up smoking and adopting lower-cholesterol diets have little empirical support.

Rather, he argues, the likelihood of these diseases occurring in the future can be predicted with considerable accuracy on the basis of personality inventories inquiring into experienced stress, and personality differences in dealing with these stresses.

On the basis of an analysis of three studies of groups of individuals, he concludes that personality is about six times as important as such factors as blood pressure, cholesterol or smoking in explaining heart disease and cancer.

The results of the research, suggests Prof Eysenck, indicated that only about 20 per cent of the population was prone to coronary heart disease or cancer. These people could be identified through questionnaires, and offered behaviour therapy to reduce the chances of developing the diseases.

"We have too long obeyed the shibboleth of 'smoking causes cancer and coronary heart disease,' hoping that quitting smoking would eliminate these two scourges. There are other, more important factors in the genesis of cancer and coronary heart disease, and it is time the medical establishment woke up to reality."

Committee of Public Accounts: Coronary Heart Disease. Commons paper 249, HMSO, £7.40; H.J. Eysenck and R. Grossarth-Maticek. Prevention of Cancer and Coronary Heart Disease and the Reduction in the Cost of the National Health Service. Journal of Social, Political and Economic Studies, Spring 1989.

Good double acts always produce a certain electricity.

[illegible]

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Ridley moves to avert Tory poll tax revolt

By Michael Cassell, Political Correspondent

MR Nicholas Ridley, the Environment Secretary, yesterday moved to avert a Conservative rebellion of non-government MPs by reducing the extent to which people paying a lower community charge will initially have to help cushion its impact on those living under higher-spending local authorities.

Under Mr Ridley's concessions, which was announced during chaotic scenes in the House of Commons, people expecting to see their poll tax bills falling will receive up to half of any gain in the first year. The balance of their "safety net" contribution – a maximum of £75 a year – will be restored over the proceeding three years.

The community charge, a tax on individuals over the age of 18, is being introduced by the Government to replace the current rates scheme based on home ownership.

Mr Ridley, who said the standard poll tax would be about £275 when it is introduced next April, ran into immediate embarrassment in the Commons after his announcement.

Proceedings were brought to a halt by protests from MPs, alarmed at the possible electoral impact of people in lower-spending, Conservative authorities having to subsidise others. Sir Bernard Braine complained that MPs could not obtain the details of Mr Ridley's proposals.

Mr Ridley, who is widely expected to leave the Department of the Environment in next week's cabinet reshuffle, was jeered by Labour MPs as he apologised over the absence of the poll tax documents. Eventually, the debate was restarted after Sir Patrick Mayhew, the Attorney General, had announced details of the Government's law reforms.

Several Tories remained unsatisfied with Mr Ridley's package, claiming that many efficiently-run Tory councils would still be expected to bail out, over the four-year transition period, more profligate, Labour-controlled authorities.

Sir Rhodes Boyson, a leading critic of the "safety net" proposals, attacked the scheme, claiming that the transfer of funds from provident to improvident local councils undermined the entire basis of the poll tax. It was intended to be a system under which "you paid for what you voted for," he added.

Mr Ridley repeatedly attempted to demonstrate that Labour's "twin-tax nightmare" proposals for a reform of the rating system would lead to universally higher bills for local services. But there was more concern on the Tory benches about the Government's own proposals.

Mr John Cunningham, Labour's environment spokesman, claimed that ministers were now "enmeshed in their own, ramshackle safety net arrangements."

Ridley: making concessions

Dockers return to work in three ports

By Jimmy Burns, Labour Staff

PORT EMPLOYERS last night claimed a significant breakthrough on the 10th day of the docks strike as more than 400 dockers in three ports returned to work.

Those ending their strike in support of a new national agreement to replace the Dock Labour Scheme – which regulated employment and conditions in most of Britain's ports – included the majority of dockers at Grimsby and Immingham on the east coast, the fourth-largest port operation in the country.

Dockers at the smaller ports of Boston, Lincolnshire, and Barrow in the north-west, also went back to work yesterday, and there were reports last night that more dockers were expected to end their strike today at other ports.

Mr John Connolly, the TGWU transport union's national docks officer, who has called a meeting of dockers leaders today, acknowledged that the return to work at Grimsby and Immingham was an "important factor" because of the size of the port.

He also indicated for the first time publicly that the TGWU could end the strike if the drift back to work gathered pace.

However, he insisted that it was "early days" in the dispute because there was still solid support for the strike among a majority of the former registered dockers, including those at the ports of Tilbury, Liverpool, Hull and Southampton.

By yesterday, almost 2,000 dockers had returned to work. That figure includes the return to work on Monday of dockers at Rochester and Poole. A further 1,950 dockers have taken redundancy. Mr Connolly said that the 33 ports still on strike mean that the dispute was "between 75 per cent and 80 per cent" effective.

The National Association of Port Employers said 90 per cent of trade was "getting through" in ports not on strike, as well as in those not registered under the Dock Labour Scheme.

Pay offer likely in Tube row

LONDON Underground railway is this morning expected to offer increases of between 8.5 per cent and 11.75 per cent to the three unions involved in the long-running tube dispute, writes Fiona Thompson.

Leaders of the National Union of Railwaymen, the Aslef train drivers' union and the TSSA white collar union are to meet London Underground for talks in a bid to resolve the three issues at the heart of the dispute.

Aslef yesterday announced that it would hold its fourth 24-hour Tube strike on Wednesday. Aslef's strikes have coincided with the last four of the five 24-hour stoppages by the NUR.

Management is expected to increase its rejected 7.25 per cent pay offer to 8.5 per cent, with no strings, for all 20,000 staff, backdated to April 10.

The most intractable issue is the train drivers' claim for an additional £64 a week for driving one-person-run trains.

London Underground said yesterday it would repackage an offer it made in May which raised the basic offer to 3,707 drivers and guards to 10.5 per cent. The offer will be raised to 11.75 per cent.

Rail union calls for sixth 24-hour strike

By Fiona Thompson

THE NATIONAL Union of Railwaymen yesterday called a sixth 24-hour rail strike for next Wednesday.

Mr Jimmy Knapp, General Secretary of the NUR, said his 21-strong executive had voted unanimously for the stoppage.

The decision was prompted by British Rail's refusal yesterday to return to the conciliation service, Acas, to discuss its 8.8 per cent pay offer, he said.

The union's position was clear. "We don't believe 8.8 per cent deals realistically with the chronic problem of low pay and long hours.

"A base rate of £105.30 remains low by any standards. Even at the higher levels, skilled technicians will be on a base rate of £155.70 a week."

"To put it bluntly," he said, "the 8.8 per cent will do nothing to halt the level of overtime worked by these skilled grades which caused so much public concern at the time of the Clapham tragedy.

"Why won't BR do something to tackle long hours when nearly a fifth of railway workers work 60 hours or more a week? The only way we can do this is by addressing basic rates," Mr Knapp said.

BR had the resources he claimed.

Mr Knapp acknowledged the "considerable progress" made on the question of bargaining machinery.

But the agreement the NUR thought it had reached at Acas was not set out in BR documents sent to the union, he said. Omissions had to be corrected and the place to do that was Acas.

BR said yesterday it would return to Acas for further talks on bargaining machinery, but only if the NUR called off its industrial action.

It refused to reopen discussions on pay, insisting its 8.8 per cent offer was final.

In his letter to Mr Knapp, Mr Paul Watkinson, BR's Employee Relations Director, said: "I have to advise you that the Board is not willing to reopen negotiations."

Mr Watkinson said further meetings were necessary on bargaining, but "this issue is so important that it is difficult to see proper negotiations being conducted under a constant threat of strike action."

Talks could resume once the union called off its action, he said.

Minister confirms shift in EC approach

By Philip Stephens

SIR Geoffrey Howe, the Foreign Secretary, yesterday confirmed a significant reappraisal of the Government's approach to Europe following its defeat last month in the elections to the European Parliament.

In a speech in London, Sir Geoffrey emphasised the Government's willingness to cede sovereignty to the European Community to increase its influence in shaping international policymaking and serve Britain's own national interests better.

His upbeat view of the benefits of EC membership followed signs at Westminster that Prime Minister Margaret Thatcher is reassessing her own stance on Europe following the election defeat and last month's Madrid summit.

The Prime Minister surprised a meeting of Conservative peers earlier this week with her emphasis on the advantages of closer European co-operation.

Although she criticised the European Commission's plans for a new social charter, Mrs Thatcher dropped the stridently anti-Brussels tone which characterised her speeches during the election campaign.

Whitehall officials confirmed that the failure of the "nationalist card" to prevent a heavy defeat for the Conservatives in the poll for the Strasbourg Parliament had prompted a revaluation of the Government's presentation.

The shift had also been encouraged by the perception that concessions at the Madrid summit had enabled her to head off a high-level confrontation with Britain's European partners. The summit had persuaded her that Britain's interests lay in providing alternative blueprints for European integration rather than by simple opposition.

Sir Geoffrey said yesterday that it was scarcely possible to see Europe as "anything other than the basic lever for Britain to exercise the influence it wishes [to have] in the world."

Government stands firm on reform of legal profession

By Raymond Hughes and Robert Rice

THE Government is to press ahead with radical reforms of the legal profession, despite fierce opposition from the profession and the judiciary.

A White Paper (policy document) published yesterday makes few concessions to critics who claimed that the reforms involved unacceptable state interference and sounded the death knell of an independent Bar, the barristers' professional body.

Lord Mackay, the Lord Chancellor and architect of the reforms, yesterday claimed to have removed the spectre of state control.

He asserted that alterations to the controversial proposal for an advisory committee with wide-ranging oversight of the profession had made it fully independent of Government.

"We have taken out the elements of executive interference as seen by the profession," he said.

The policy document says that the committee's role will be "purely advisory." It will regulate its own proceedings and appoint its own secretariat, which will not be made up of civil servants. Under the original proposal the committee's staff were to have been drawn from the Lord Chancellor's Department.

Senior judges will be given a more significant role in relation to the committee. They will oversee, with the Lord Chancellor, rules governing the profession drawn up by the Bar and the Law Society on the committee's advice.

However, the Bar Council yesterday said the committee remained "another government-appointed quango" which would represent "an unacceptable interference with the judges."

Lord Lane, the Lord Chief Justice, described the discussion paper which first mooted the idea of a committee in January as "one of the most sinister documents to emanate from government."

The Law Society broadly welcomed the policy paper. Sir Richard Gaskell, the Society's president, said: "We are particularly pleased by the cutback in the sweeping powers of the advisory committee. As now proposed, it is something with which we can work."

Mr Desmond Fennell, chairman of the Bar, said: "We recognise some of the changes are for the better. Unfortunately, proposals remain which need to be opposed in the public interest."

The Consumers' Association said the reforms were "a major victory for consumers."

Lord Mackay yesterday denied that the policy document represented a climbdown or a compromise by the Government.

"I believe we now have an improved framework through which to achieve our aim of increasing access to justice and improving legal services," he said.

The key principle that there should be a free competitive market, giving the consumer the widest possible choice of cost-effective legal services, is undiluted.

The barristers' traditional monopoly of the rights of audience in the High Court, Court of Appeal and House of Lords will be broken by giving suitably-qualified solicitors the opportunities to achieve such rights in all courts.

Solicitors will also be eligible to become judges of the higher courts.

Building societies and banks will be allowed to offer conveyancing services to their borrowers, provided they compete fairly and safeguard the interests of their clients.

Statutory barriers to solicitors entering into partnerships with members of other professions will be removed. It will be up to the Law Society and the Bar to decide whether to permit their members to form such partnerships, but any rules they make will have to avoid anti-competitive restrictions.

The barriers to multi-national partnerships with lawyers from other countries will also be removed.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1988							
1st qtr.	107.8	110.8	31.3	117.0	116.7	2,486	249.9
2nd qtr	109.3	112.4	32.8	118.6	122.7	2,364	255.2
3rd qtr.	110.5	115.6	32.7	120.2	128.9	2,229	244.3
4th qtr.	110.4	117.0	32.6	120.9	165.4	2,101	244.9
August	110.3	115.7	32.8	120.4	128.7	2,228	242.3
September	110.0	116.5	32.8	119.5	126.9	2,192	246.3
October	110.3	116.5	32.3	121.0	132.5	2,158	251.2
November	110.9	117.1	32.6	120.7	145.2	2,105	245.2
December	110.1	117.5	32.6	121.1	181.9	2,037	238.3
1989							
1st qtr.	108.9	117.7	35.4	121.4	125.4	1,952	228.7
January	109.0	118.0	34.2	119.5	124.3	1,999	229.2
February	108.7	117.6	34.4	122.1	123.8	1,949	229.1
March	109.9	117.5	35.4	122.6	127.4	1,917	222.9
April	109.5	117.5	36.4	120.9	131.6	1,858	222.1
May	107.9	119.9		124.5	133.4	1,836	218.2
June				122.2		1,869	226.4

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
1st qtr.	108.5	108.3	107.7	107.5	117.8	103.7	19.6
2nd qtr	111.5	108.3	108.6	110.1	120.3	100.9	22.3
3rd qtr	113.5	113.9	108.9	114.8	123.7	102.1	20.4
4th qtr	113.6	116.8	106.6	116.6	124.3	101.6	18.4
August	113.8	113.9	107.9	115.0	126.0	102.0	20.5
Sept.	114.2	115.5	108.0	116.0	120.0	101.9	20.1
October	112.6	116.6	107.0	117.0	128.0	101.9	19.6
November	114.3	117.2	107.2	117.0	120.6	102.0	21.4
December	113.8	116.9	106.1	116.9	125.0	103.0	14.2
1989							
1st qtr.	113.8	116.9	103.9	118.2	131.9	99.7	17.3
January	113.2	118.1	104.8	117.9	136.0	90.0	18.3
February	113.6	116.8	102.9	118.8	129.9	100.9	18.8
March	114.6	116.6	104.9	115.9	130.6	99.9	14.9
April	114.6	115.5	105.5	115.9	131.8	101.0	17.8
May	114.3	118.7	101.4	118.0	133.9	102.9	18.3

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988							
1st qtr.	108.2	119.8	-4,020	-3,001	+730	97.8	44.64
2nd qtr	111.4	127.7	-4,538	-2,744	+815	98.7	48.82
3rd qtr	109.3	133.7	-5,896	-3,438	+469	98.3	50.48
4th qtr.	105.5	135.0	-6,204	-5,403	+340	98.0	51.68
August	108.8	127.8	-1,857	-805	+177	100.0	50.84
September	114.1	131.9	-1,473	-729	+184	99.1	50.48
October	103.7	139.6	-2,858	-2,382	+67	97.8	50.05
November	107.1	131.5	-1,865	-1,612	+132	97.6	51.04
December	108.1	133.8	-1,783	-1,489	+141	98.7	51.68
1989							
1st qtr.	110.8	140.7	-5,859	-4,832	+64	100.4	50.48
January	115.0	145.4	-2,001	-1,659	+105	100.4	51.71
February	104.1	138.2	-2,180	-1,837	-15	100.2	51.68
March	113.2	138.3	-1,677	-1,335	+112	100.5	50.48
April	109.4	143.5	-2,155	-1,755	+83	100.9	47.28
May	110.8	141.6	-1,724	-1,324	-16	100.7	46.08
June							43.67

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1988							
1st qtr.	5.2	20.5	20.3	+12,903	3,651	+965	8.50
2nd qtr	6.6	18.6	20.4	+15,349	4,173	+1,185	9.50
3rd qtr.	7.7	17.3	22.7	+16,740	3,162	+1,092	11.50
4th qtr.	7.7	14.3	20.5	+13,379	3,168	+873	12.70
August	7.8	15.9	20.6	+3,372	1,179	+471	12.80
September	8.5	17.3	22.7	+5,658	621	+276	12.00
October	7.7	13.7	19.8	+4,241	1,503	+185	12.00
November	7.7	11.7	20.8	+3,767	786	+392	13.00
December	7.7	14.3	20.5	+6,192	819	+296	13.00
1989							
1st qtr.	6.7	13.6	21.3	+14,058	2,661	+610	13.00
January	7.2	11.5	21.3	+6,625	794	+226	13.00
February	6.6	13.6	22.2	+2,260	1,054	+251	13.00
March	6.2	13.9	21.3	+5,153	813	+330	13.00
April	5.7	16.1	20.7	+4,673	1,175	+313	13.00
May	6.2	10.8	21.7	+3,949	713	+505	14.00
June							14.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1988							
1st qtr.	122.6	96.9	111.0	103.7	103.5	1,747	75.3
2nd qtr	124.6	97.8	112.6	106.2	104.6	1,617	77.6
3rd qtr.	127.8	98.8	113.9	106.6	104.7	1,902	73.9
4th qtr.	131.5	100.1	115.2	109.9	105.7	1,887	77.3
September	127.6	98.2	114.3	109.4	104.8	1,579	75.5
October	129.5	99.0	114.9	109.5	104.9	1,874	76.2
November	130.7	90.8	115.2	110.0	105.7	1,865	77.1
December	134.3	102.6	115.4	110.3	106.5	1,921	73.0
1989							
1st qtr.	134.0	102.8	116.8	111.7	107.6	1,874	97.1
2nd qtr.		104.4	118.2	114.9	110.2	2,018	93.6
January	133.3	104.0	119.4	111.0	107.4	1,969	97.9
February	133.5	101.9	116.8	111.8	107.7	1,954	97.4
March	134.9	102.4	117.2	112.4	108.3	1,998	95.9
April	135.7	103.9	117.8	114.3	109.8	2,016	95.5
May	136.9	104.5	118.2	115.0	110.3	2,010	94.5
June		104.8	118.5	115.4	110.7	2,027	91.1

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

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UK NEWS — LEGAL WHITE PAPER

Restrictive practices among lawyers still face broad reform

Robert Rice explains that the Government has remained true to its guiding principle of extending competition

THE Government's original plans for reform of the legal profession were attacked as leading to creeping state control and threatening the profession's independence.

In publishing a white paper yesterday, the Government went as far as it could to meet those criticisms while remaining true to its guiding principle – to open up legal services to greater competition by sweeping away monopolies and restrictive practices.

Despite expectations of a climbdown in the face of fierce opposition from the Bar and the judiciary, there are few substantive changes to the original proposals.

The principles of wider rights of audience for solicitors (ending the barristers' monopoly on advocacy in the higher courts) and the proposal to allow the financial institutions to carry out conveyancing (ending any remaining monopoly on conveyancing enjoyed by solicitors) are retained.

The most significant change is in the structure and role of the advisory committee on education and conduct.

Under the original green paper proposals the committee would have been responsible for advising the Lord Chancellor on education and training schemes, and on codes of conduct and for recognising specialisms.

The rules governing education and training and conduct were to be determined by the professional bodies – subject to principles set out in statutory instruments made by the Lord Chancellor, acting on the committee's advice, after consultation with the judiciary and subject to Parliament's approval.

It was this proposal that led the judges and the Bar in particular to talk about state control and a significant transfer of power to the executive from the independent professions and from the judiciary.

Under the new proposal the committee will have a purely advisory role. Its prime function will be to give advice to all bodies authorised to grant their members rights of audience and the right to conduct litigation. It will advise the Lord Chancellor and the heads of the four divisions of the High Court on arrangements made by the professions for ensuring proper standards of competence and conduct.

The Law Society and the Bar, the Lord Chancellor and the judges will be required by statute to have regard to the committee's advice in the discharge of their statutory functions. The committee will report to Parliament on all aspects of its work, and will be wholly independent of government. The majority of its staff will not be lawyers.

The change had been foreshadowed by Lord Mackay. It bears a remarkable resemblance to the independent Legal Advisory Commission proposed by the Law Society. It

Lord Mackay announces his proposals

will be welcomed by the professions, because it re-emphasises the importance of their self-regulatory role.

In relation to rights of audience for solicitors in the higher courts, for example, it will be for the Law Society to draw up rules and regulations governing which of its members may exercise rights of audience in which courts, acting on the committee's advice.

Those rules will then need the concurrence of the Lord Chancellor and the four senior judges, again acting on the advice of the committee, before they can come into operation. The same process will have to be followed in relation to new rules of conduct, and those governing the conduct of litigation.

The role of the judges in this advisory process has thus been formalised. In the original plans the rules would only have had to satisfy the Lord Chancellor – who had nevertheless stated that his decisions would be taken only after consulting the judges. But the new role of the judges cannot be said to amount to the much talked about "veto." It gives them a right of concurrence.

In practice it is difficult to see that this will amount to much more than a rubber-stamping role.

If the Law Society in drawing up its rules on rights of audience for solicitors sticks firmly to the advice it receives from the advisory committee, and the rules satisfy the Lord Chancellor in the light of advice he has received from the committee, it is difficult to see that the judges would be able to block them – particularly when they themselves will be under a statutory duty to have regard to the committee's advice.

While appearing to bring them more into the consultation and decision-making process, Lord Mackay may have done no more than effectively box them in.

In many other instances the white paper has left final decisions on specific issues to a later date.

There is no ban on barristers being allowed to enter into partnerships with solicitors. Instead the Lord Chancellor has shifted the responsibility for deciding such issues back to the professional bodies. However, the rule in the Partnership Act which prevents barristers practising in partnership with each other has not been removed.

The statutory prohibition on the formation of partnerships between solicitors and other professionals will be removed and the matter left to professional rules.

The Bar Council and the Law Society will continue to be able to make rules preventing such partnerships if they so wish, but they will have to justify them to the new competition authority outlined this week in the white paper on restrictive practices.

This is unless they can satisfy the Lord Chancellor after consultation with the Director General of Fair Trading that the rules are necessary in the interests of the administration of justice. If the Lord Chancellor decides that they are, the rules will not be prohibited under the new competition legislation.

The Law Society, conscious of the Government's thinking on multi-disciplinary partnerships, may hesitate before deciding whether to implement rules banning such mixed practices. It knows – through the publicised views of Sir Gordon Borrie, Director General of Fair Trading – that rules banning solicitors from entering into mixed practices are unlikely to satisfy any competition authority.

The Bar on the other hand will almost certainly make rules banning barristers from entering into such partnerships. It must gamble on the known opposition of Sir Gordon to allowing barristers to enter into such arrangements.

A decision on whether barristers and solicitors employed by the Crown Prosecution Service should be allowed to present cases at jury trials in the Crown court has been deferred by saying that any change to the present rules governing rights of audience for employed advocates will be a matter "for early consideration by the advisory committee."

In view of the known opposition of Sir Patrick Mayhew QC, the Attorney General who as head of the CPS and nominal head of the Bar found himself in some difficulties on the issue, it had been expected that the proposal would be dropped.

Mackay has to strike a delicate balance

By Philip Stephens, Political Editor

POLITICS is never less than a careful balancing act, but the Government's controversial plans to overhaul the legal professions have required – and will continue to require – a particularly delicate performance.

The muted public opposition at Westminster yesterday to the revised package of measures presented by Lord Mackay, the Lord Chancellor, must have boosted his confidence that he had managed to come close to striking the right balance.

But as the fine print of the white paper came under the *critical scrutiny last night* of his critics in the House of Lords, it was clear that legislation to implement the changes will still be far from uncontroversial.

Since the publication earlier this year of his proposals to inject much greater competition into the country's legal services, Lord Mackay has had to weigh two sets of opposing pressures.

The fundamental driving force has been Mrs Margaret Thatcher's determination to push ahead with a general commitment to curb the power of vested interests and generate increased efficiency and more choice for consumers.

A Government eager to take on the trade unions and to break down restrictive practices across a range of industries and professions could not be seen to be flinching in the face of opposition from highly-paid judges and barristers.

With a few notable exceptions, it is an objective for which Mrs Thatcher can rely on the overwhelming support of Conservative MPs in the House of Commons.

However, the intensely hostile reaction which the original green paper proposals received from the Bar and in the House of Lords indicated from the outset that political realities would force the Government to compromise.

With nearly 50 peers, including the most prominent Law Lords, speaking against the plans during a debate in April, and Mr Patrick Mayhew, the Attorney-General, reportedly ready to resign, it was clear that market forces could not be allowed a totally free rein.

Lord Mackay was told by Conservative party managers that, even if they drafted in support from their "backwoods" members, it would be impossible for the plans to get *through the House of Lords in* their original form.

In the process, the Government, already weighed down with other controversial legislation in such areas as the National Health Service, would probably suffer a series of damaging political defeats.

So yesterday's modified proposals were seen at Westminster as attempting to weigh the Thatcherite drive for competition against reasonable assurance that they would emerge relatively unscathed out of the House of Lords.

Lord Mackay implicitly acknowledged as much when he commented yesterday that they were designed to "represent an appropriate balance between encouragement of competition and the maintenance of standards in the administration of justice and the provision of legal services."

In political terms, the key changes were those designed to defuse criticism that the new system to introduce extended rights of audience in the courts and of laying down codes of practice for the professions threatened to concentrate authority in the state at the expense of the independence of judicial system.

So Lord Mackay yesterday placed the emphasis on his commitment to the independence of the Bar, on the purely advisory nature of his proposed new advisory committee *and on the Bar's right to* decide whether to allow joint practices with solicitors, all of which were warmly welcomed in the Lords. The formalised role given to the four most senior judges also drew support.

But if the initial reaction was encouraging, it was far from clear that this will ensure an easy ride when the legislation is published in the autumn. Some peers voiced doubts over whether the senior *judges would in* practice be able to exercise any form of veto, while others remained unconvinced that the present division of responsibilities between preparations of a case and advocacy would be safeguarded.

Lord Hailsham, the former Lord Chancellor, was said to have indicated that he was far from satisfied with the revised proposals and a number of other senior peers suggested that they would be carefully studying the fine print before signalling their acceptance.

ADVISORY COMMITTEE

Emphasis is shifted to ensure that judiciary has 'central role'

By Raymond Hughes, Law Courts Correspondent

THE PROPOSAL for a Lord Chancellor's advisory committee on legal education and conduct was the focus of much of the criticism of Lord Mackay's green papers. It was seen as creating machinery enabling creeping government control of the legal profession and the provision of legal services.

The white paper recognises the strength of feeling on the issue and provides for the committee to have a purely advisory role, to be "operationally fully independent of government" and for the judiciary to have a "central role."

Referring to criticism of the green paper proposal, the white paper says: "A recurring argument was that the functions to be given to the Lord Chancellor, in the interests of furthering consistency between standards applied by various professional and other bodies, represented a significant transfer of power to the executive from the independent professions and indeed from the judiciary."

"It was suggested that the advisory committee would not itself be fully independent of the Government, and there was wide concern that it should have an independent secretariat. Many members of the legal profession were concerned that the majority of the advisory committee's members would be non-lawyers.

"The Government has considered these views with great care. It continues to believe that some form of advisory system is required to ensure that matters of public concern and interest are properly and publicly considered in a reasoned way."

The white paper gives the judiciary a greater role in relation to the committee: instead of the Lord Chancellor being required to "consult" the judges before making any decision based on the committee's advice, the committee will now "advise the Lord Chancellor and senior judges" – the Lord Chief Justice, The Master of the Rolls (the head of the civil appeal court), the President of the Family Division, and the Vice-Chancellor, the senior Chancery Division judge – on arrangements for ensuring appropriate standards of competence and conduct in the provision of legal services.

Sir Desmond Fennell, chairman of the Bar

The "concurrence" of the senior judges will be required for new professional regulations or code, proposed by the professional bodies advised by the advisory committee, to be effective.

The white paper recognises the strength of feeling on the issue – much of it centred on what was seen as creeping government control of legal services – and provides for the committee to be 'operationally fully independent of government.'

Where the green paper proposed that the committee's secretariat should be provided by the Lord Chancellor's Department, the proposal now is that the committee will appoint its own staff who will not be civil servants.

"The variety of experience represented by the staff of the Law Commission, which comprises people with backgrounds in the universities and legal practice as well as the Civil Service, may be a useful model for the advisory committee," the white paper says.

The green paper made no mention of how the work of the committee might be funded. The white paper says funding will be "by a grant-in-aid from the Lord Chancellor's Department on similar lines to the Legal Aid Board."

In spite of opposition from the profession, Lord Mackay is sticking to his decision to have a lay majority on the 15-strong committee, although the white paper goes into greater detail about the type of person to be appointed by the Lord Chancellor after consultation.

The lay members "will be selected to ensure that they are able by character and experience to represent ... the interests of the public and of the client for legal services.

"Particularly relevant will be expertise in, or knowledge of, the provision of legal services, the work of the courts, social conditions, consumer affairs, business and the maintenance of professional standards in other professions."

The lawyer members will be two practising barristers and two practising solicitors – the proposal in the green paper that they would be appointed after consultation with the Bar Council and the Law Society does not appear in the white paper – and two academic lawyers.

Where the green paper said that the committee's chairman would be "a judge," the white paper says that he shall be a Law Lord or an Appeal Court or High Court judge.

The committee's main functions remain much the same as those originally proposed: to advise on lawyers' education and training; on the rules of conduct to be observed in the provision of legal services; on the provision of legal services by professional bodies other than the Bar and the Law Society.

All the committee's work will be public and it will make an annual report to Parliament.

Any member of the public, of a profession providing legal services, of the judiciary or the Lord Chancellor himself will be able to refer matters to the committee, which will decide for itself how such references are handled.

Legal Services: A Framework for the Future, Cmnd 740, HMSO, £8.90.

AUDIENCE

Plan for certification of advocates is dropped

THE controversial proposal for the certification of advocates – licensing them according to experience – has been dropped.

The measure had been seen as tantamount to fusing the two branches of the legal profession and *spelling the death* of an independent Bar.

The white paper says that critics had argued that the proposed system of certification was too complicated, might not adequately recognise the existing diversity of legal practice, and risked executive interference in the courts.

The proposal now is for the professional bodies – principally the Bar Council and the Law Society – "to satisfy the public that their members can meet the high standards of competence and conduct required for rights of audience."

Barristers will retain their present rights of audience in all courts. The Law Society will be able to recognise a solicitor as qualified to be an advocate in any specified level of court.

Any lawyer – barrister or solicitor – with a right of audience in the High Court or the Crown court will be eligible to be *appointed a Queen's Counsel.*

The white paper says: "The Government continues to believe that the public should have the widest possible choice amongst properly qualified advocates, who should be free to compete fairly with one another for the business available from clients.

"The Government therefore proposes to create a statutory framework which will permit extended rights of audience, both for present advocates in more courts and for new classes of advocates."

The white paper notes, however, that those responding to the green papers had accepted the principle that barristers – as specialists in pleading before the higher courts – should be enabled to appear before all courts more quickly than others who wish to work as advocates.

"That has permitted a substantial simplification of the green paper proposals," it says.

"The Government therefore proposes that it should be for the professional bodies and other organisations to determine that particular persons are qualified in accordance with the appropriate rules to appear in the courts. The standards they apply, and the mechanisms by which they monitor those standards should, however, be subject to independent scrutiny and public comment."

Professional rules of conduct will remain the responsibility of the Bar Council and the Law Society. Any rule changes will be subject to the concurrence of the Lord Chancellor and the senior judges of the Court of Appeal and the three divisions of the High Court.

The white paper says the rules will determine the training and experience necessary for a solicitor to have rights of audience in a particular court. It is likely that many solicitors will find their existing rights adequate for the work they wish to do.

HOUSING CONVEYANCING

Action on conflicts of interest

By Richard Waters

THE GOVERNMENT has stuck firmly to its original intention of opening up the market for housing conveyancing services, allowing mortgage lenders among others to compete for business, in spite of what it says was "a great deal of comment" on the green paper proposals.

In an attempt to reinforce protection for house buyers and sellers, however, institutions offering conveyancing will have to follow a stricter code of conduct and will be excluded from acting where certain conflicts of interest exist.

Critics of the green paper argued that irreconcilable conflicts of interest would arise if conveyancers – or the organisations for which they worked – were offering services to the buyer and seller of the same property.

They also claimed that the large financial institutions would corner the market for conveyancing, driving many solicitors out of business and generally reducing the public's access to legal services.

Responding to these criticisms, the Government has made the following amendments to its proposals:

- As part of the code of conduct for conveyancers, all buyers or sellers must be offered at least one personal interview with the lawyer or licensed conveyancer handling their transaction. This interview must be near to where they live or are moving to. The interview will be used to review possible conflicts of interest and to advise the client on whether further independent legal advice is necessary.

Sir Richard Gaskell, president of the Law Society

- Conveyancers will not be able to act for both buyer and seller of the same property, except in very exceptional cases (for instance, where buyer and seller are related companies). Also, conveyancers cannot act if an estate agency to which they are connected is acting on behalf of the other party.
- There will be safeguards to prevent predatory pricing by new entrants to the conveyancing market. However, these are weaker than the green paper proposals, which would have *required independent auditors* to confirm that conveyancing services were not being offered at below their true cost. Instead, conveyancers will have to send details of their prices each year to their regulatory body and to certify that these provide them with a "reasonable rate of return" on their costs.
- Conveyancing services should not be made conditional on other services being provided by the institution, or vice versa. In other words, banks or building societies would not be able to force people borrowing from them to use their conveyancing services as well. The Government says it is considering extending this ban to the so-called "tying-in" of other services to domestic mortgages.

The white paper claims that, with these additional safeguards it is possible to "increase the choice available to those who are buying or selling their houses, and also to meet the concerns expressed about the need to avoid conflicts of interest and to ensure appropriate professional advice."

In a further amendment with important implications for the financing of some small law firms, solicitors will be required under the new arrangements to hand over to their clients any interest received on money they hold on the clients' behalf. Licensed conveyancers are already required to do this.

MULTI-DISCIPLINARY PARTNERSHIPS

Decision to end 'undesirable inequality'

MULTI-disciplinary partnerships between solicitors and members of other professions are banned by the Solicitors Act and the Law Society's rules. Barristers are banned from forming such partnerships by professional rules alone.

"The Government believes as a matter of principle that this inequality is undesirable," the white paper says. "The Government also believes that the regulation of how the members of professional bodies organise themselves to meet their clients' needs is best left to the professions themselves, subject to a proper scrutiny to avoid unnecessary or undesirable anti-competitive effects."

Accordingly, the statutory bar in the Solicitors Act will be removed. The Law Society and the Bar Council will continue to be able to make rules preventing such partnerships if they so wish. Those rules will be excluded from the prohibition on anti-competitive agreements in the proposed competition legislation only to the extent that this is justified by the needs of advocacy or the conduct of litigation.

All barriers currently preventing barristers and solicitors from entering into multi-national partnerships with non-UK lawyers will be removed.

The white paper says the Government hopes that the professional bodies will speedily review their own rules to enable multinational partnerships to be formed with lawyers from the European Community and other jurisdictions as quickly as possible.

EC regulations govern only relations between member states, not between different legal jurisdictions within member states. This means that lawyers qualified only in one part of the UK already have, and will increasingly have, greater opportunities to practise in other EC member states than they do in other parts of the UK.

To remove this anomaly, regulations will be made which will ensure that English, Scottish and Northern Irish lawyers will have rights to practise throughout the UK at least equivalent to those available to lawyers from other EC countries.

MISCELLANEOUS

Solicitors given clearance to become senior judges

THE white paper opens the way for solicitors, as well as barristers, to become judges at the highest levels – subject to their having had the appropriate rights of audience in the various levels of courts for specified periods.

"The Government regards it as a matter of great importance that the highest standards of intellect and character should be maintained in *appointments* to the judiciary."

"The prospect of appointment to the Bench should also be an encouragement for the men and women who have made the law their career to reach the highest standards of service to the public," the white paper says.

- A Legal Services Ombudsman, independent of the Government and the legal profession, will replace the Lay Observer.

"He will have wide powers to examine the way in which complaints against legal practitioners have been investigated by the professional bodies, to investigate such complaints himself, and to recommend payment of compensation. His jurisdiction will cover both professional misconduct and "negligent or sloppy work."

Creation of a joint Bar and Law Society disciplinary body, involving judges when appropriate, will be considered. It would provide a common mechanism and standards in dealing with complaints about court work.

CONTINGENCY FEES

Scottish system favoured as best model

THE WHITE PAPER proposes that contingency fees be permitted along the lines of the system already existing in Scotland.

Noting that the green paper "stimulated a lively debate" on the acceptability in principle of any contingency fee arrangements, it says there was a clear consensus that it would not be right in principle for a lawyer to be permitted to undertake a case in return for some part of any damages awarded.

That form of contingency fee was also thought likely to create an unacceptable degree of conflict of interest between the lawyer and his client, which would result in the lawyer being unable to give the client or the court impartial advice.

However, there was little objection to the proposal to import into England and Wales the Scottish "speculative" model. This consists of payment of normal fees only if successful and some support for the proposition that the client and his lawyer should be able to agree a costs uplift.

"The Government accordingly proposes to remove the existing prohibitions to enable *clients to* agree with any or all of their lawyer's payment of a conditional fee on the speculative basis already permitted in Scotland. This relaxation will not, however, extend to criminal and family (matrimonial, care and wardship) proceedings, which the Government believes are inappropriate for conditional funding."

It is also accepted that it would be reasonable for a lawyer who represents a client on such a speculative basis to balance the risk of losing the case and ending up with no costs by charging at a higher rate than he would otherwise have done.

The Lord Chancellor will therefore have power to prescribe by subordinate legislation, after consultation with the profession, the maximum amount by which a lawyer's costs can be increased – to be expressed as a moderate ratio of the normal costs – when working for a conditional fee.

The legislation will recognise that different levels of increase may be appropriate for different classes of case.

BT accuses Government of unfair telecoms policy

By Terry Dodsworth, Industrial Editor

BRITISH Telecom hit out yesterday against Government policy in the telecommunications industry, claiming that official decisions were unfairly balanced against it in the UK, while the company was not receiving enough support in overseas markets.

The comments, made in a memorandum to the Commons trade and industry committee, were described by BT yesterday as the "first shots" in a campaign leading up to the Government review of the industry next year.

Mr Iain Vallance, BT's chairman, was not questioned at all on these issues in a brief appearance at the committee.

But the company made it clear that it had launched the initiative to try and stimulate support after a period in which it believes it has been harshly treated by the authorities.

This lobbying will be particularly important at the time of the review, which was initially seen as an opportunity to open the provision of telephone services beyond the present duopoly of BT and Mercury.

BT believes that the rapid development of mobile telephone systems means that it will soon be exposed to much tougher competitive conditions than at present. In some of these areas, it adds, it is having to respond with one hand tied behind its back by government regulations.

The memorandum argues that apart from the fixed network operations, the company is not in an unduly dominant position. New competitors, many of them "very large multinational players," have not found market entry difficult, while the constraints placed on the company may inhibit the introduction of new technology.

The company is particularly incensed about its exclusion from bidding for the recently-proposed personal communication licences, which will allow pocket phone systems that will compete across a broad range of telephone services.

Mercury, it says, is being given one of these licences although it has done none of the basic research into the technology - a burden which has been carried mainly by BT itself.

At the same time, it says, the company is being given no help by the Government overseas, although it has become vital for it to succeed in foreign markets to compensate for its loss of domestic sales.

Whereas Britain is the most open market in the world, the Government has done nothing to force the US to relax its restrictions on inward investment.

Prince says buildings no better than sheds

By John Hunt, Environment Correspondent

THE SHORT lifespan of many modern buildings and the speed with which they are constructed are strongly criticised by the Prince of Wales in an article in a Financial Times survey on architecture published today.

"I fear that in 30 years' time our children will cower as they pass these insubstantial hulks, afraid of being struck down by pieces of falling façade," he says. Some buildings "are no better in quality nor more durable than a tin shed."

Although the article continues the Prince's campaign against some aspects of modern architecture, he sees encouraging signs that over the next 40 years Britain might produce buildings which will offer more pleasure to the onlooker.

Prince Charles finds an increasing awareness of the value of creating buildings of character which do not reject the inspiration of architectural tradition. "Developers are beginning to acknowledge some of their responsibilities to the communities in which they build," he says.

Building is increasingly regarded as a grand management exercise with speed of construction the prime objective. This had a devastating effect on the durability of new buildings, Prince Charles says.

With factory-made panels of stone and brick clipped on to a steel or concrete frame, sealed with mastic which had a lifetime of 15 to 20 years, there is a danger that a 20 year life-span for building could become institutionalised, he argues.

"The result is that buildings are becoming like cars, or any other personal goods or chattels. They become disposable and are quickly passed on."

Survey, Page 39; Prince's article, Page 40

Confronting a poll-tax time bomb

Richard Evans on Mr Ridley's attempt to appease angry Tory MPs

THE Government yesterday sought to defuse what was threatening to become a political time bomb, by changing provisions for the safety-net which will cushion the impact of the poll tax when it is introduced in England and Wales next April.

Influential Conservative MPs had been horrified to learn that most of the local authorities that are set to lose from the introduction of the poll tax, or community charge, were in Tory-held constituencies.

In many cases, constituents were set to contribute close to the £75 maximum under the original terms of the safety-net provisions to bail out other local authorities, mostly high-spending, Labour-controlled councils which are set to introduce high community charges.

More than 20 Tory-held seats were thought to be at risk at the next election because of the extra safety net provisions.

Mr Nicholas Ridley, Environment Secretary, therefore faced the dilemma of how to launch a tax that will have very different effects in different parts of the country without making the initial impact too severe.

His answer has been to spread the impact of the safety net more than originally planned to produce a better balance between gainers and losers.

The new arrangements will mean that in areas where community-charge payers can expect to gain - because the charge will be less than their existing rates - nearly half that gain will come through immediately rather than be postponed until the second half of the four-year transition period, as originally planned. It is now estimated that about 236 councils will see between 40 to 50 per cent of their gains in the first year.

As in the earlier proposals, the maximum amount of gain deferred will be £75 per adult, but whereas before it applied to a substantial number of local authorities, it will now apply only to a handful of the most significant gainers.

The other key announcement by Mr Ridley was the average community charge figure across the country of £275, provided local authorities budget to spend in line with the Government's assessment. The £275 figure is broadly in line with the existing average rate bill per adult.

The actual charge in each area in the first year will depend, however, on the transitional arrangements and the level at which local authorities choose to spend. The charge levels will not be known until the autumn.

The background to the level of community charge given by Mr Ridley showed that in 1989-90 local authorities in England have budgeted to spend about £30.5bn, which is £1.2bn more than the Government had provided for in the last rate support grant settlement, and 9 per cent more than the previous year.

Under the new system, the Department of the Environment's assessment of the amount appropriate for local authorities to spend in providing services in the next financial year is £32.8bn. "This is a significant real increase on the amount the Government assessed authorities needed to spend this year," Mr Ridley said.

IMPACT OF COMMUNITY CHARGE

	Average rates, £	Full charge	After "safety net"
LONDON: Bromley	476	189	209
Camden	774	579	361
Haringey	863	627	642
Islington	776	669	495
Kensington and Chelsea	542	339	332
Lambeth	506	543	297
Wandsworth	360	375	148
Birmingham	522	240	307
Leeds	407	256	252
Liverpool	537	354	358
Manchester	580	399	404
Newcastle upon Tyne	499	326	331
Norwich	429	246	256
Oldham	425	277	277
Plymouth	441	207	217
Sevenoaks	483	206	235
Sheffield	511	377	308
Woking	680	288	346

Column 1: The 1989-90 average rates payable on an individual household. Column 2: The full community charge payable, had the new measure been implemented this year. Column 3: The community charge payable after "safety net" government grants to ease the effect of the new tax, again based on 1989-1990 figures.

Brewers deny beer price rise is to pay for advertising campaign

By Lisa Wood and Simon Holberton

THE Brewers' Society yesterday defended wholesale beer price increases of up to 8p announced by some big brewers.

Its intervention came after Mr Bryan Gould, Labour's Trade and Industry spokesman, claimed brewers were now making consumers pay for the "dishonest and deceitful" campaign against the Monopolies and Mergers Commission report on their industry.

The Brewers' Society said: "Wholesale price increases announced by some brewery companies have absolutely no connection whatsoever with the brewer's opposition to the MMC report and Lord Young's proposals for the industry and trade.

"The actual cost of the brewers' campaign to protect pubs from the MMC's recommendations was less than one 50th of 1p per pint of beer consumed in the UK."

The rise in beer prices means it will take longer for inflation to fall from its current 8.3 per cent rate than the Government had hoped. Mr Nigel Lawson, the Chancellor, told Tory MPs on Tuesday not to expect an early cut in interest rates.

Whitbread will increase the price of a pint by 6p-8p in the south of England from July 31. Bass's beers in the north will rise by 4p-6p and lager by 6p on July 31st and those of Watneys are likely to increase by 3p-3½p in August.

Scottish and Newcastle's beers rose by 5p-7p a pint last month.

Watneys said the increase was directly linked with factors such as the rise in raw materials, energy, rates, processing costs and wages.

Bass said the 5 per cent wholesale price rise it was introducing at the end of the month was well below inflation.

Traffic may rise 142% by 2025

By Kevin Brown, Transport Correspondent

THE VOLUME of traffic on British Roads may grow by up to 142 per cent by the year 2025, the Transport Department predicted yesterday.

It said overall demand for road space would rise by at least 83 per cent, and could increase by 142 per cent if economic growth remains strong.

The increase in demand by the end of the century is expected to be between 27 per cent and 47 per cent. This is significantly higher than the previous forecast, issued in 1984, which predicted growth of between 10.6 per cent and 24.4 per cent over the same period.

The department said it had accounted for such factors as stronger economic growth, changes in fuel prices, and the effects on demand of the Channel tunnel project and the single European market.

Mr Peter Bottomley, the Roads Minister, said traffic was growing faster than predicted in the 1984 forecasts because of a more optimistic view of economic growth, reflecting long-term structural improvements in the economy.

The Government has announced plans to double the budget for roads construction and to step up road maintenance, delayed by a spending moratorium last year.

The higher forecasts follow a report by the Institution of Civil Engineers, which concluded there was "no possibility of solving congestion" - because of the lead time of 10 to 15 years for major projects.

In a separate statement yesterday, Mr Bottomley rejected recent criticism by the cross-party Commons Public Accounts Committee of the Transport Department's forecasting methods, which said they were "fundamentally flawed."

Mr Bottomley said many of the PAC's criticisms related to old forecasts which had been overtaken by improvements in research techniques.

"The PAC gives the impression that forecasting is an exact science - it isn't. Given the difficulties of forecasting so many years ahead, the majority of the Department's recent forecasts have been reasonably accurate," Mr Bottomley said.

Treasury minute on 13-19 reports of the PAC 1988/89; Command 747, HMSO; £3.10.

Shell cuts 4-star by 3p a gallon

By Steven Butler

SHELL yesterday kicked off another round of petrol price cuts with the announcement that it would reduce the price of four-star fuel by more than 3p, to about 186.4p a gallon, from midnight tonight.

BP announced a similar cut of 3.5p per gallon, to take effect at midnight on Friday.

The cuts follow a lowering of the sterling price of petrol in Rotterdam, which UK refiners use as a guide for fixing domestic prices.

Shell's unleaded grade will be selling at 176.4p a gallon. Shell prices have been cut by 9p a gallon in the past month.

Boroughs given £100m to aid takeover of London education

By David Thomas, Education Correspondent

A SPECIAL grant of £100m to help the inner London boroughs take over London education next year was announced yesterday by Mr Kenneth Baker, Education Secretary.

The grant, which will continue at a reducing amount each year for five years, formed part of the total community charge settlement announced yesterday by Mr Nicholas Ridley, Environment Secretary.

The 13 inner London boroughs, together with the City, will assume responsibility for education when the Inner London Education Authority is abolished in April. They have been pressing for extra cash to cover transitional arrangements.

The Department of Education and Science said the grant would give the boroughs more time to reshape their service and squeeze out the overspending they will inherit from Ilea.

Labour local authority politicians in London reacted cautiously to the announcement last night, saying they wanted to study the community charge settlement to see if the new grant genuinely represented extra money.

However, Mr Neil Fletcher, Ilea's leader, said the reason given by the Government for the new grant was hypocritical. "We are being abolished because we are supposed to be a high spending authority and now Mr Baker is claiming he is pumping even more money in to accommodate the diseconomies of scale he is creating."

The precise distribution of the new grant between the boroughs will not be announced until the autumn.

The Education Department refused to disclose how much additional grant would be forthcoming over the five years, but it insisted that the money was a net addition to the educational budget.

Teachers step up pay campaign

By our Education Correspondent

THE SIX teaching unions are to seek information on teacher shortages from every school in the country in an attempt to maintain the pressure on the Government for more pay.

The initiative, agreed yesterday at a meeting at National Union of Teachers headquarters in London, comes towards the end of a week in which growing teacher shortages have caused the Government considerable embarrassment.

The unions believe figures on shortages given in the Commons on Tuesday by Mr Kenneth Baker, Education Secretary, to be under-estimates. These suggested that 2 per cent of primary teaching posts and 1.3 per cent of secondary teaching posts were vacant in January.

The unions want the results of their survey to be available in September, in time to try to influence the remit given by the Government to the committee on next year's teachers' pay settlement.

The Labour majority of the local education authorities, meeting yesterday in Swansea for their annual conference, also resolved to press the Government to devote substantial resources to next year's settlement.

Separately, the NUT is to tell parents that failure to offer their children an adequate education is due to staffing problems and teacher shortages brought about by the Government. This message will be distributed in a model letter by NUT branches.

Posgate is criticised by co-defendant

By Patrick Cockburn

MR IAN POSGATE, the leading Lloyd's underwriter, was sharply criticised yesterday by Mr Kenneth Grob, his co-defendant in the trial of former executives and directors of Alexander Howden Group, the insurance brokers, who are accused of syphoning off money from the company.

Mr Grob told the jury at Southwark Crown Court, London, that continued overwriting - undertaking more business than allowed by the rules of Lloyd's - by Mr Posgate produced a series of crises for Alexander Howden Group during the 1970s.

As a result, Mr Grob claimed, in 1974 the council of Lloyd's had threatened to remove Howden's name from the approved Lloyd's list. "It was a very serious situation," he said.

Mr Grob said he had appointed Mr Leonard Hart, an experienced retired underwriter, to keep a running check on Mr Posgate's activities and particularly on the amount of business he was undertaking. He continued to do the job until 1981.

In a memorandum to Mr Hart about Mr Posgate read to the court, Mr Grob wrote: "Like you I think very highly of him, but he is unbalanced. Unless you are supervising him he has to go because he has no discipline and is the *enfant terrible* of the market."

Mr Posgate denies a charge of conspiracy to defraud Howden and his Lloyd's syndicates and an alternative charge of conspiracy to steal.

Mr Grob denies 16 charges of theft, four of false accounting and three of publishing false statements.

Three other senior executives of Howden were originally charged together with Mr Posgate and Mr Grob but of these one, Mr Ronald Comery, was killed in a car crash and two others, Mr Allen Page and Mr Jack Carpenter, are considered too ill to stand trial.

The trial continues.

MPs propose agency to protect the environment

By John Hunt, Environment Correspondent

A NATIONAL environment protection agency for the UK based upon the present Health and Safety Commission was suggested yesterday by Sir Hugh Rossi, chairman of the all-party Commons environment committee.

Developing the agency from the existing commission would remove the need for the Government to introduce legislation to establish it, he said.

The idea of an agency independent of the Government was suggested by the committee in its report on toxic waste earlier this year. But it was rejected by Mr Nicholas Ridley, the Environment Secretary.

"I still feel it is something that should be debated and not dismissed out of hand," Sir Hugh told an Institution of Chemical Engineers toxic waste conference in London. "Sooner or later the Government will have to come round to giving serious consideration to this particular matter."

The committee has looked at the work of the Environmental Protection Agency in the US, but Sir Hugh said that such a tough, regulatory body would not be suitable for Britain. However, the Department of the Environment had too many other responsibilities for it to effectively carry out an integrated pollution policy, he said.

Occidental finds oil near Claymore

By Steven Butler

OCCIDENTAL Petroleum yesterday reported an oil discovery in the North Sea, 2.6 miles west of its Claymore field.

Occidental said further appraisal would be needed to assess the size of the find, although analysts were talking about a possible find of about 40m barrels, possibly more depending on the results of further drilling.

Mr John Brading, Occidental's UK chairman, said that the proximity of the well to the Claymore platform, with its production and pipeline facilities, would facilitate development should the find prove commercial.

Capacity of Docklands railway to be doubled

By Kevin Brown, Transport Correspondent

THE CAPACITY of the London's Docklands Light Railway is to be doubled next year by the use of longer trains, Mr Michael Portillo, the Transport Minister, confirmed yesterday.

A further increase is planned for 1991, when the delivery of new trains will expand the capacity of the railway to 6,500 passengers an hour compared to the present 1,750. Improvements at Tower Gateway station are expected to be completed next year.

Mr Portillo said the western extension of the railway from Tower Gateway to Bank was expected to start operating late next year using a single tunnel. A second tunnel is due for completion in 1991.

Mr Portillo said the extension had been delayed by the scale of development work for a new station at Canary Wharf, and by the complexity of underground construction work at Bank.

"These developments show that the DLR is growing to meet the expanding public transport needs of Docklands," Mr Portillo told MPs.

Magistrates' system 'must change'

By Alan Pike, Social Affairs Correspondent

THE PRESENT "confused, archaic and fragmented" structure of Britain's local magistrates' courts should be replaced by a new national executive agency, a Government-appointed scrutiny team recommended yesterday.

Under the proposed change the courts would be reorganised along the lines of the "Next Steps" strategy in the Civil Service, which involves the establishment of executive agencies in the public sector to deliver services at arms-length from government.

The courts agency would be 100 per cent government-funded and accountable to the Home Secretary, but its director-general and staff would enjoy a wide degree of day-to-day independence.

Magistrates courts deal with 95 per cent of all criminal cases, cost more than £200m a year to run and employ around 10,000 staff. Mr Douglas Hurd, the Home Secretary, set up the scrutiny in January to make recommendations about the management structure of the service.

The existing structure dates from 1949 but, says the scrutiny report, the courts retain the "local, part-time, almost amateur flavour of an earlier age." There was no coherent management structure for the service, and it was "impossible to locate clear management responsibility or accountability anywhere in the structure."

Although the report stresses that it is not accusing the service of being profligate, and that some able managers are doing their best within the existing structure, it says it would be "difficult to think of any arrangements less likely to deliver value for money than the present ones."

The Home Office provided most of the funds, but had little say in how resources were allocated or used. Local authorities, the immediate funding bodies, had too little stake in the service to provide an effective budgeting discipline. Magistrates' courts committees were too underdeveloped to plan or manage resources effectively. Most justices' clerks had little control over resources and little information about costs.

There was little evidence of a planned relationship between work and resources and, says the report, the scrutiny team found abundant evidence that the present arrangements were not delivering value for money.

The report concludes that Britain's tradition of local justice does not require the staff who operate the system to be managed as an essentially local service. A national service with maximum delegation of managerial responsibility and control of resources to the local level would be the best way of ensuring efficiency.

It would be essential under the new arrangements for magistrates to have someone to whom they could turn locally as a source of authoritative legal advice, says the report. And the magistracy must be clearly protected from undue influence by Government.

Preliminary costings by the scrutiny team suggest that the proposed agency would cost an initial £4m to start up, with continuing costs of up to £6m a year. But efficiency improvements resulting from a better management structure could yield £11m a year.

In addition to its main recommendation for a national agency, the report suggests areas in which magistrates' courts could improve their financial efficiency. These include quicker procedures for fine enforcement, greater use of civilian staff for duties currently carried out by police officers, and charging the full economic rate for civil business and liquor licensing. One court examined was charging fees for licensing which covered less than one sixth of the work involved.

Mr Hurd yesterday welcomed the report's "thorough and perceptive analysis of the problems facing the magistrates courts service." He proposes to conduct consultations on the proposals, most of which would require legislation, and the Home Office is seeking initial responses by September 30.

Legal reform white paper, Page 9

BUSINESS LAW

New legal convention on sales

By A.H. Hermann

A consultative document circulated by the Department of Trade and Industry last month (to which responses are invited by the end of October) indicates the UK Government's intention to ratify the United Nations Convention on Contracts for the International Sale of Goods.

The UK has been in no hurry to take this important step towards the unification of international trade law. The convention, adopted by a diplomatic *conference* in Vienna on April 11 1980, came into force on January 1 1988 when it was ratified by 10 states. Since then another 9 ratifications made it applicable in a world–spanning network of countries of different economic and legal systems and in different stages of economic development. In the next four years membership will grow to some 40 to 50 countries.

The UK's hesitation over adopting these new rules, even though British experts took an important part in their formulation, is understandable. While the English and Scots commercial laws are not perfect, and are bedevilled by many uncertainties, they are familiar to UK judges and commercial lawyers. The wide acceptability of the convention could be achieved only by numerous compromises and a certain fudging of the text; moreover courts of different countries may give its provisions different meanings.

These valid objections seem be amply compensated for by the advantage of replacing a multitude of foreign laws now applicable to many foreign transactions of UK traders by a single system of internationally adopted, uniform rules, whose interpretation by courts of different countries will be monitored by the UN Commission on International Trade Law (Uncitral).

If this were the only advantage which could be derived from the convention, one could sympathise with the desire to restrict its application to sales between countries adhering to it. Such a restriction — one can read between the lines of the consultative document — seems to be favoured by the DTI.

The US has also opted for such limited application of the convention. However, US businessmen have in the Uniform Commercial Code, now adopted by all the states of the Union, a clearly defined set of rules adapted to modern conditions of trading which is easily comprehensible not only by US traders but also by their foreign partners.

UK traders, by contrast, have to make do with a bewildering profusion of judge-made and statutory rules, providing the English commercial bar with fascinating and profitable intellectual games, but perplexing foreign lawyers and arbitrators. It might therefore help UK exporters if the UK chose the other possibility offered by the convention, and made it applicable to all contracts of sale with foreign parties normally governed by UK law, even if the other party to the contract is in a country which did not adhere to the convention. Unless otherwise agreed by the parties, UK export sales are, as a rule, governed by UK law and the adoption of the second alternative would therefore bring the entire export trade of the UK under the convention, making British export quotations better understandable and more readily acceptable in foreign markets.

The convention was preceded by the so called Hague Uniform Law, prepared by the International Institute for the Unification of Private Law (Unidroit) and incorporated into UK law by the Uniform Laws on International Sales Act 1967. These rules had their roots in the early 1930s. The reluctance of communist and developing countries to accept them led to their replacement by the convention. The Hague rules made little impact on practice, as they were applicable to contracts only by agreement of the parties.

By contrast, the convention will apply automatically, unless the parties contract out of it in its entirety or in respect to its individual provisions. The convention respects the freedom of contracting, so that it will not modify the agreement reached by the parties; even so it will be of great potential significance as the parties and courts will be able have recourse to it in order to fill in gaps in the contract or to interpret its obscure clauses. It will therefore be indispensable for lawyers as well as traders to get acquainted with the convention, which may come into force in the UK before the end of 1990.

The UK is almost certain to ratify not only the part dealing with the obligations and rights of the seller and the buyer, but also the part establishing how contracts are validly concluded. However, the convention does not establish a uniformity on the important question of form. While it reflects the view of the majority of *signatory* countries that contracts need not be concluded in writing, it enables countries whose legislation requires contracts of sale to be concluded or confirmed in writing to make a declaration preserving that position. A contract which would otherwise be governed by the law of such a state could thus only be concluded (or modified or terminated), by a party resident in that state, in writing.

It is also important to note that this provision concerning the requirement of written form, is the only one which the parties cannot exclude by mutual agreement.

The DTI consultative document provides an analysis of the convention and its comparison with English and Scottish laws, prepared by Barry Nicholas, Principal of Brasenose College Oxford, who also took an active part in the drafting of the convention. He points out the problems that may rise from the fact that the convention does not deal with the validity of the contract; the effect which the contract may have on the property in the goods sold; or the liability of the seller for death or personal injury caused by the goods to any person.

This, and other points of his analysis (some of which are listed above) indicate that the convention must be treated as one of those half-baked cakes which you are supposed to put into the oven before eating it. Thus individual contracts based on it will need some more culinary attention to reach a standard acceptable for the specific needs of the trader. None the less, it has the great merit of bringing closer together the legal concepts of many different jurisdictions. Its adoption is likely to eliminate costly disputes about the applicable law and to facilitate and speed up the resolution of other contested issues.

The author is the D.J. Freeman & Co Senior Research Fellow on International Trade Law at Queen Mary College, University of London. A seminar to discuss the convention will be held at the College's Centre for Commercial Law Studies in October.

SOME of the convention's differences from UK law:

Postal transactions. While in English and Scots law postal acceptance generally takes effect from the moment it is posted, the convention has different provisions, which mainly affect withdrawal of the acceptance and the risk of its loss or delay in transmission.

Price. In contrast to the Sales of Goods Act 1979 which is satisfied with the provision for a "reasonable price," the convention insists on an objective method of *determining the price* at the time of making the contract.

Specific performance. While *in common law specific* performance may be ordered at the discretion of the court, the convention defines circumstances when it must be ordered.

Remedies. In addition to "*avoidance*" (abandonment) of the contract in case of fundamental breach, the *convention, unlike* UK law, provides also for repair and substitution of delivered goods, and allows cure of faults after the expiry of the time for delivery.

Damages. In cases where the contract was avoided and there has been a substitute transaction, the convention gives the party in default the benefit of a good bargain made by the aggrieved party.

Frustration. The convention rules concerning impossibility of performance differ in a number of ways from the English and Scots law of frustration. They are designed primarily as a *defence* against an action for damages.

Interpretation. The convention should be interpreted so as to *promote uniformity* in its application and the observance of good *faith* in *international trade*. Gaps should be settled in conformity with general principles on which it is based and in their absence in accordance with the law which would be otherwise applicable. Statements and conduct of the parties are to be interpreted "according to *the understanding* that a reasonable person of the same kind as the other party would have had in the same circumstances."

MANAGEMENT: Marketing and Advertising

Levi Strauss

Looking beyond the teenage market

The under-25s have been the jeans company's natural target in the US since the 1950s, but with numbers falling in this age group it has turned its attention to the more mature person. Alice Rawsthorn explains how

Levi Strauss is still running its "501 Blues" campaign aimed at under-25s, but its latest US advertisement of father and son fishing seeks to embrace the more mature person

The scene is a peaceful pond with scarcely a ripple on the surface. A *man in his late 30s* and his son sit fishing and basking in the soft sunshine.

Such a scene could scarcely be more distant from the blaring blues music and inner city back streets that US television viewers have come to associate with *blue jeans commercials.* But it is the centrepiece of the new marketing strategy of Levi Strauss, the bastion of the blue jeans industry in the US.

Ever since the 1950s, when the blue jean became the emblem of America's rebellious – or would-be rebellious – adolescents, Levi has directed its advertising towards the 15 to 24 year olds, the chief consumers of denim jeans.

Since last autumn Levi has turned its attention to a new target market. It is still running its "501 Blues" campaign – the *cinéma vérité* commercials of kids hanging out in the inner city streets of New York and New Orleans – for teenagers. But it has introduced a new jeans campaign aimed specifically at over-25 year olds. It has also invested in the promotion of Dockers, the men's casual trousers that form the focus of its new product development programme (see box).

The reason for Levi's sudden interest in the over-25 age group lies in demographics. Hitherto it has been able to rely on the expansion of the teenage population to provide a "natural" source of sales growth. But the US teenage population has peaked and the number of 15- to 24-year-old males in the US will have fallen from 20.2m in 1985 to 17.4m by 1995.

Levi Strauss, like many other consumer products groups, faces the daunting prospect of the slow, but steady demographic decline of its most important market.

Just as the 15-to-24 age group is shrinking, so the number of over-25 year olds is growing. The number of men over the age of 25 in the US will have increased from 75.5m in 1985 to 80m by 1995.

Whereas in Europe jeans tend to be seen as a youth product, in the US they are worn by all age groups – "from the cradle to the grave," as Levi's marketing managers like to say. In theory Levi should be able to counter the decline of its younger market by boosting sales to the expanding over-25 age group. In practice things are not quite so simple.

Although the over-25s still wear jeans, they tend to buy fewer pairs than when they were younger. Levi's research suggests the average 15 to 24 year old buys about seven pairs of jeans a year – the over 25s buy no more than two or three.

These changes are all the more daunting to Levi given that its recent revival has been rooted in its presentation of its products as the sharpest, most stylish blue jeans brand.

Levi Strauss has dominated the international jeans industry for decades. In the 1960s and 1970s it expanded furiously into other products and other countries. But it expanded too far and too fast. Some of the new products were unprofitable. Moreover the involvement with so many different lines jeopardised the credibility of its original brand name. By the early 1980s it was in trouble.

The appointment of Robert Haas as president in 1984 heralded a revival in Levi's fortunes. Haas orchestrated the $1.6bn leveraged buy-out whereby Levi returned to private ownership in 1985 and also introduced the "core product strategy". This new strategy involved dropping peripheral products to concentrate the company's resources on its authentic blue jeans.

The fly-button 501 was the focus of the strategy. In 1984 the 501 was already established as the best-selling jean in the US, but it tended to be bought for workwear by blue collar workers. In 1984 Levi began the "501 blues" campaign – created by Foote Cone & Belding in San Francisco – to relaunch the 501 as *the* jeans for young people in the US.

Sales soared. The number of 501s sold in the US has risen by 50 per cent since the campaign began five years ago. The success of the 501 – in the US and other countries – has helped Levi to repay over $1bn of its buy-out debt.

But sales of 501s in the US have stabilised. Levi has identified the demographic decline of the teenage population as one of the chief contributors to the slowdown. It is searching for sales growth among older consumers.

Levi is using two jeans styles – the 505 and the 506 – as the lynchpin of its assault on the over-25 age group. The 505 is a long established line. The 506 was introduced two years ago. Both are designed to accommodate the flabby flesh of the over-25s who can no longer squeeze into their 501s.

Last autumn Levi unveiled the "Moments" campaign to promote 505s and 506s. The campaign, devised by Foote Cone & Belding, features four executions of over-25 year old men – including the father fishing with his son - relaxing in their 505s and 506s. The same campaign was run again *this spring.*

Levi will not disclose details of the impact of "Moments" on sales except to say that orders for both lines, and for 506s in particular, have risen

In the coming months it will become clear whether Levi's assault on the over-25s has succeeded; and whether the soft focus shots of fathers fishing in their generously cut blue jeans will affect sales of 501s to the bluesy teenagers of the inner city back streets.

THE NAME Levi-Strauss has been synonymous with blue jeans for more than a century. But like every other business that depends on a single product for the bulk of its sales, Levi has been searching around for alternatives.

Levi's past attempts at diversification have been, at best, lacklustre. Now it finally seems to have succeeded at finding a significant new product: Dockers.

Dockers are the soft cotton trousers that Levi has launched in the US as the second part of its strategy to appeal to older consumers. Dockers have been designed for the 25 to 49 year-old men who want to wear something that is smarter than jeans, but not as smart as tailored trousers.

The design of Dockers is derived from the cotton trousers *that Levi made for GIs* during the Second World War. They were first launched in Japan and were introduced to the US in 1986 after being spotted by a men's wear merchandiser in Hong Kong.

In the first year in Japan or the US? Levi sold 70,000 Dockers, worth $1m wholesale. In 1987, when it advertised the brand in a small way, sales increased to 2.6m pairs, worth $35m.

Last year Levi started to advertise Dockers in earnest. It invested $6m on a television campaign. The commercials use the same cinéma vérité approach as "501 Blues" by featuring clips of Docker-clad men talking about women, work and sport. Foote Cone & Belding, the agency responsible for the campaign, filmed the men for six hours and edited the footage into a series of 30 second commercials.

***"So many US commercials just hit you* over the head with an aggressive sales message. That just turns people off," says Steve Goldstein, director of consumer marketing for men's wear at Levi in San Francisco. "When people see our commercials they think 'I like those guys'. It is then an easy transition for them to like what they are wearing."**

Levi sold 8m pairs of Dockers, worth $120m,where? in 1988, the first year of fully fledged advertising. Its research suggests that the "right" people are buying Dockers. Three fifths of sales went to the target market of 25 to 49 year olds.

This year Levi intends to boost the advertising budget to $10m and expects sales of 12m pairs, worth $200m. At long *last Levi seems to have found its "alternative"* product. But Dockers are still a long, long way behind blue jeans, which mustered *sales* of over *$1.5bn last year, in* North America alone.

When the gloves are taken off

Sara Webb on building society advertising

BRADFORD & BINGLEY

IF YOU GOT LESS THAN YOU WANTED KICK THE ABBEY HABIT.

Building societies in the UK are not normally known for being aggressive or for hitting their competitors below the belt. But the aftermath of the recent Abbey National flotation suggests that the situation is changing and that some of the societies are eager to tear off their kid gloves.

At least three building societies have pinched the Abbey National slogan for their own purposes in the hope of winning new customers.

None of them had predicted that the Abbey National flotation would cause such anger among a substantial number of members as a result of various administrative hitches. One week after flotation, many members have still not received their share certificates, and judging from the number of calls received at the Financial Times from irate people - some of whom seem prepared to waste up to six hours a day on the telephone to Abbey National waiting for some response - there is an ever-increasing market waiting to be tapped in terms of dissatisfied customers who vow never to do business with Abbey National again.

"If you got less than you wanted kick the Abbey Habit" reads the advertisement from Bradford & Bingley Building Society. The society, which ranks eighth in terms of assets, estimates its rate card cost for the campaign will amount to between £180,000 and £200,000. It believed that the Abbey flotation would create a large market of people with money to invest elsewhere.

This was because they had either decided to cash in their share allocations, or because they had received quite a sizeable refund cheque after getting a reduced share allocation, or because they now prefer to place their money in a building society rather than in a bank which is what Abbey National is now.

"The Abbey slogan lends itself to this kind of slant," says Dave Wormall, marketing manager for retail funding at Bradford & Bingley.

The Halifax Building Society, the largest in the UK, muscled in with the slogan "How successful were you in the Abbey flotation" and turned Abbey National's thumbs up logo into a thumbs down in a bid to woo investors.

Meanwhile, the Cheltenham & Gloucester Building Society, with the slogan "Worth breaking a habit for", decided to try winning Abbey National shareholders over by offering a free share dealing service for Abbey National shares only to anyone who had more than £5,000 in a C&G gold account. Since most other banks and building societies charge between £10-£15 for share deals of this size, the offer could have meant a reasonable saving.

With the negative nuances now being given to the Abbey habit by its competitors, the Abbey National may regret having coined the phrase - though as a spokesman had the grace to admit: "If we'd been in the same situation we'd have done the same, I'm sure."

Marketing abstracts

What role for the market researcher? *P. Szwarc in Marketing Intelligence & Planning (UK), Vol 6 No 3 88 (5 pages).*

Believes that the role of market research in the burgeoning financial services industry should be one, not of information provider, but of business partner, responsible for finding out what products and services people will want tomorrow; sees such a process, however, as fraught with dangers, and offers guidelines for avoiding them by selecting a target market, creating a strategic concept, developing an operating strategy and an effective service delivery system.

Information seeking, external search and 'shopping' behaviour. *S. Brown in Journal of Marketing Management (UK), Summer 88 (17 pages).*

Based upon an observation study of shoppers in Belfast's Park Centre, concludes that consumers indulge in "opping around" activity, though frequently this activity is incidental to the main purpose of the trip. Findings run contrary to previous studies indicating that little "shopping around" is done prior to purchase and conform more closely to the received wisdom of retailing.

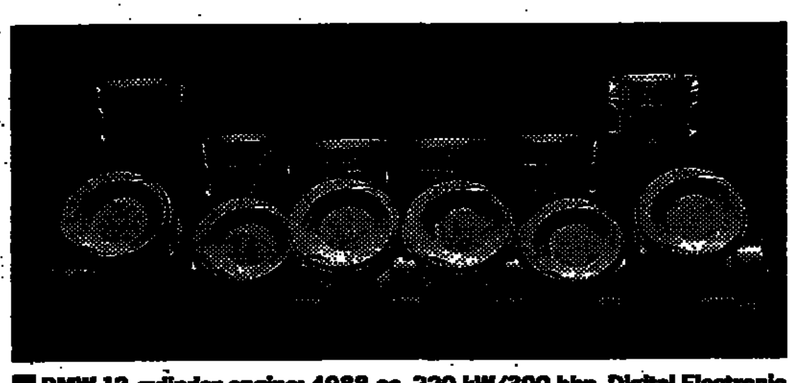
These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

صكذا من الاهل

LEADING MEANS CONVINCING.

The world's most successful luxury sedan, the BMW 750i/iL, is one of the most cogent examples of this. This car embodies the latest state of the art in engineering. Engineering with only one aim: making the passion for driving more cultivated than ever.

The twelve-cylinder engine of the BMW 750i/iL is considered the crown of engine design. It unites the following apparently antagonistic features:



■ BMW 12-cylinder engine: 4988 cc, 220 kW/300 bhp, Digital Electronic Engine-Management, lambda-controlled three-way catalytic converter.

Enormous power reserves and a very reasonable fuel consumption. Highly sophisticated engineering which is virtually maintenance-free. Superb smoothness of running and breathtaking driving performance. The immense safety potential of the BMW 750i/iL is another perfectly convincing argument.

It was achieved by using the most advanced engineering methods to develop a body structure which, in the event of a collision, absorbs impact energies at all safety-relevant points. Ample deformation zones at the front end and an extremely rigid passenger compartment provide highly efficient protection in a crash.

Environmental protection is just another field where the BMW 750i/iL proves its exemplary role. Its lambda-controlled three-way catalytic converter easily meets any emission limit worldwide. And it is almost noiseless in all speed ranges – another contribution to environmental preservation. It is, in fact, one of the most silent automobiles in the world.

Conclusion: The BMW 750i/iL has everything needed for automobile leadership. Persuasive power in every engineering aspect.

BMW

The ultimate driving machine

TECHNOLOGY

Inland Revenue has a bloodless revolution

Clive Cookson explains why putting the records of 44m taxpayers on computer represents a coup

The Inland Revenue has just completed the largest administrative computer network in Europe, with 38,000 terminals in 600 district tax offices.

The £400m system increases the UK Chancellor's scope for bringing in tax changes, starting with the independent taxation of husbands and wives next year. It also saves the Inland Revenue £50m a year in staff costs and eases shortages of clerical staff.

And the network – which is on line to 50 ICL mainframes in 12 regional centres – will help to track down tax evaders.

The system has three parts. The first, called Cop (computerisation of PAYE), covers everyone whose tax is deducted by an employer.

The second, Coda (computerisation of schedule D assessment), covers not only the Schedule D earnings of the self-employed but the other main personal taxes, including capital gains and higher rate assessments on investment income.

The third is the National Tracing System (NTS), based on ICL's most powerful computer, a 3-node Series 39 Level 80 mainframe, at East Kilbride in Scotland. NTS is a highly secure database which holds the names and addresses, National Insurance numbers and tax office references of 44m UK taxpayers (individuals, companies, trusts, etc). This means that tax officers can locate within seconds the record of a taxpayer for whom they have a (possibly incomplete) name and address but no reference number.

Judged against the low expectations in December 1980 when the Government gave ICL the contract to computerise PAYE, the project has been a triumph. Yet there has been a curious lack of publicity – neither the Inland Revenue nor ICL has formally announced the completion of Cop, Coda and NTS.

"The prognosis in 1980 for large government administration computer systems was pretty poor. There had been some spectacular over-runs and failures, so naturally people were nervous," says Steve Matheson, the Revenue's information technology director.

Some experts in the Treasury doubted ICL's technical ability to handle such a complex project and they objected to the way in which the contract was handed to the company, the UK's only indigenous mainframe manufacturer, for allegedly political reasons. At the same time some ICL executives were afraid the project would fail – and further damage the company's then poor reputation – because civil servants would mismanage it.

In the event, all three parts have been completed within the time allowed for Cop, and the system is better than the one envisaged. The contract with ICL included "a technological refresher clause that enabled us to take advantage of emerging technology when it was available," says Matheson. "We envisaged that there would be substantial additional developments in applications and technology in the 1990s.

"What we have done is bring those forward into the timescale of the original project." Apart from Coda and NTS, the enhancements include an X.25 data communications network linking the regional centres.

Since Cop started, three generations of ICL mainframe have been installed in the regional centres: first 2966s, then 2988s and now Series 39 Level 80s. Another important technological development is ICL's CAFS, a combined hardware and software system for searching large databases.

John MacColl, who heads the project for ICL, emphasises the strong control exercised by the Revenue's main computer centre in Telford, Shropshire, where all the development work is carried out. Applications software – amounting to about 1m lines of Cobol code per year – is rigorously tested and validated there before it is introduced; and staff at the regional centres are not allowed to make any changes.

"The history of large computer projects shows that if local changes are made, you inevitably end up with a cock-up," MacColl says.

For similar reasons, Matheson rejects the suggestion that income tax could have been computerised more effectively and economically by installing a modern distributed network of small computers instead of dumb terminals linked to central mainframes. "We needed the power and the discipline of mainframe development to allow us to implement all the processes we required."

Matheson says another critical factor is "the judicious mix of internal and external resources." Two consultancies, Computer Sciences Company and PA Computers and Telecommunications, have been involved from the start; more than 100 outside consultants work with the Revenue's 1,800 computing staff in Telford.

So far the system has proved so reliable that the 38,000 terminals have been available for use more than 99 per cent of the time; in other words, a tax officer loses access to the system through faults in hardware, software and communications for an average of less than two hours per month.

Most tax officers like the system, says Howard Mann, policy and negotiations officer for the Inland Revenue Staff Federation. "The general feeling is one of relief at not having to do so much of the drudgery of taxes work. Having fewer files and fewer bundles of paper is certainly an improvement to the working environment."

Staff now make all changes to tax files directly on the computer terminal. And the computer automatically produces the forms on which information is sent back to taxpayers – notices of assessment, coding and so on. These are printed on high-speed laser printers at the regional processing centres and folded into envelopes for posting.

The result, according to the Revenue, is that its staff communicate with taxpayers more quickly, more legibly and more accurately. Tax accountants tend to agree, according to Wreford Voge, past president of the Institute of Taxation and an Ernst & Whinney partner in Edinburgh.

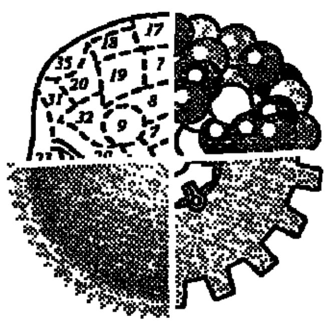
Computerisation gives the Government the scope to carry out wholesale tax reform, which would have been administratively impossible when 30m taxpayer records had to be revised by hand. The first important example of this increased flexibility is the independent taxation of husbands and wives, starting from April 1990, which will create millions of new records.

Thinking of future applications is an exercise in political imagination. One possibility is that collecting the community charge (poll tax) will turn out to be such a nightmare for local authorities that the Government will be forced to turn the job over to the Inland Revenue. And if Labour wins the next General Election and decides to replace the charge with a local income tax, the Revenue's computers would be ideally suited to assessing and collecting it.

To combat tax evasion, the network will work with a new system being developed for the specialist compliance division. "As we extend our computer records, we have better facilities for seeing whether we have a taxpayer to match every bit of financial information, and that helps us to identify people who have escaped the net," Matheson says.

The largest tax computer project for the early 1990s is Brocs (business review of the collection service), which will replace obsolete processing methods at the Shipley and Cumbernauld accounts offices with an on-line ICL system linked to Cop/Coda. This will bridge the communications gap between assessment and collection. Later Brocs will be connected to a new corporation tax assessment system.

Technically, it would be feasible for outsiders – professional accountants, tax advisers and even individuals with home computers – to have access to the Inland Revenue computer network. But Matheson says that the Revenue is reluctant to provide this. "We have many security controls, but our fundamental safeguard against hackers, computer viruses and so on is that we do not allow any dial-up access from outside."



WORTH WATCHING

Edited by Della Bradshaw

Telex service on the road

COMMUNICATIONS are a particular problem for lorry drivers on international journeys and sailors at sea.

But the situation could improve through a two-way service, now on trial, for international telex messages. The service, provided by the international satellite organisation Inmarsat, will be commercially available later this year.

For about $5,000 (£3,000) users can buy a data terminal and a cone-shaped beacon which fits on top of the lorry or boat. Manufacturers of the terminals include Thrane & Thrane of Denmark, SNEC of France, EB Nera of Norway and JRC and Toshiba of Japan.

The message is typed into the terminal, transmitted by the beacon to the nearest Inmarsat satellite and sent on to the land-based receiving dish nearest to the recipient, from where it is fed into the local telephone network. Eventually the messages could arrive by electronic mail or facsimile as well as telex.

Countries planning to provide the receiving dishes include the UK, France, Soviet Union, Australia, Brazil and Singapore.

Vaccine against computer viruses

BEWARE October 12. That is the message from experts in the computer virus detection industry.

On that day Datacrime, a newly discovered computer virus – rogue code which multiples and can damage data – is set to destroy information on thousands of hard disks around the world.

To try to prevent such disasters, computer software houses are beavering away on programs which will recognise viruses before they wreak havoc. One such program is Vaccine version 4, which can identify viruses as they are introduced to the disks and check existing files.

Vaccine spots the distinctive patterns of known viruses – each virus has a unique pattern like a fingerprint. But the manufacturer of the detection package, Sophos of the UK, acknowledges that although the software can detect 26 known viruses, it will be fooled by the ones it does not know.

Nevertheless, it could mark the beginning of the end for such viruses as the one carried into systems Trojan horse-style by the game Leisure Suit Larry.

From pans to chips

TEFLON, the coating material, can be used for more than just preventing bacon and eggs sticking to the frying pan. It could soon find its way into computer systems or communications cabling.

Teflon AF, a clear version of Du Pont's 51-year-old Teflon polymer, is being developed into optical fibre cable, along which communications signals can be sent in light pulses.

Du Pont and Mitsubishi Rayon of Japan are jointly working on heat-resistant Teflon AF fibre, which could be used in such hot and harsh environments as aircraft and factory machinery.

In the long term, the non-crystalline material could find an application in semiconductor manufacture. Because Teflon AF can be dissolved by a few selective solvents, it should be possible to sculpt it to allow precise semiconductor modelling.

The heat is on thermometers

BEING dipped into molten steel, at temperatures of up to 1,600 deg C, is a destructive experience for conventional thermometers, which can only provide measurements for two or three seconds before failing.

But the spread of continuous casting – where the steel is kept at a high temperature for much longer – has created a need for a thermometer that can survive. (Precise temperature measurements are essential to ensure the production of good quality steel.)

Two Japanese companies have developed a thermometer which can measure hot metal or molten steel continuously for more than 40 hours. The thermometer, from Nippon Steel, is made of zirconium boride, an advanced ceramic with a melting point of 3,060 deg C. It is encased in a tube from Asahi Glass.

Pos-itive choice for retailers

ONE OF the biggest problems for retail companies installing a point-of-sale (Pos) system is to ensure that equipment from different vendors will work together, to avoid being locked into one manufacturer's system.

Smart Terminals has developed software tools which allow a mix-and-match approach to equipment from different companies – such as IBM, NCR, Nixdorf and ICL. The idea is that rows of Pos terminals from any vendor should work together, sharing information and exchanging data on sales and stock control with the host computer.

The Smart system reduces the amount of proprietary software in the terminals and imposes its own network and operating methods. It takes up 400 kbytes of memory (roughly 40 per cent) in each Pos terminal.

Sweet way to erect a tent

THE UK's strawberry-and-cream season has seen many a company tussling with hospitality tents.

To make it easier and quicker to put them up, the French company Gillard has devised one which arrives folded on a lorry with a mechanical lift.

As the mechanism raises the tent, the top fans out and supporting galvanised steel poles are lowered to the ground. The lorry then drives out from underneath, the whole operation having been completed in less than 20 minutes.

CONTACTS: Inmarsat: UK, 01 387 9089. Sophos: UK, 0844 292392. Du Pont: US, 302 774 1000. Nippon Steel: Japan, 03 242 4111. Smart Terminals: UK, 0993 896280. Gillard: France, 1 60 69 58 86.

ARTS

CINEMA

Woody: overdosed on Bergman

ANOTHER WOMAN Woody Allen
WE THE LIVING Goffredo Alessandrini
AMSTERDAMNED Dick Maas
MAC AND ME Stewart Raffill
EIGHT MEN OUT John Sayles

Dear Woody Allen,

Thank you for sending us your new film *Another Woman*, which opens in Britain next week. Also gratefully received, the joke noses and moustaches from your earlier, "funny" period as a film-maker: these you now wish to donate to the Museum of the Moving Image.

Another Woman is your third "serious" work, made in the vein of *Interiors* and *September*. This is good news for all those who feel they have done inadequate penance for chortling helplessly at movies like *Love And Death*, *Annie Hall*, *Manhattan* and *Zelig*.

Certainly, there is not a giggle in sight in *Another Woman*. The tale of an ageing philosophy professor (Gena Rowlands) who discovers that her life has been an emotional wasteland — she is prompted to this insight by her friendship with a psychiatric patient (Mia Farrow) and by the verbal scorchings received from sundry old flames and friends (Gene Hackman, Sandy Dennis) — is more like a celluloid suicide-note than a movie.

You have clearly been riffling through the complete works of Ingmar Bergman again. In this film there are shades of *Persona* (the mutually tormenting friendship of two women) and of *Wild Strawberries* (the professor re-living his/her past). And who should be behind the camera but Bergman's one-time cinematographer Sven Nykvist, here cranking out glacial images as if for the tortured Swede himself.

The main plot trigger, I have to admit, is clever. Miss Rowlands, having rented a workplace in which to write her new book, hears the voice of an analyst's patient (Farrow) leaking through an air vent from the next flat. Miss F's voluble pain awakens Miss R's dormant pain. Soon our heroine is re-evaluating her marriage (to unfaithful Ian Holm), her childhood (her history professor father John Houseman is dying), her missed opportunities for passion (Gene Hackman) and her whole inner life based on self-discipline and control, on the placing of intellect before instinct and emotion.

I am impressed by your seriousness and largeness of purpose — though only 80 minutes long, the film seems longer — but may one venture a quibble or two? There is something too tweezed and manicured about the whole enterprise. Characters cross each other's paths with a neatness born of artistic exigency rather than plausibility. (Every time the heroine enters a bar, she seems to stumble on an old acquaintance ready to mete out some excoriating reckoning.) And I mentioned at the time of *September* that I thought your dialogue had a weakness for semaphored portentousness. Lines like "Sometimes even a historian shouldn't look at the past" (Houseman to Rowlands) sound as if they have fallen off the back of a bad Ibsen play.

This film is a marginal improvement — yes — on your other non-comedies. Unlike their cabined artificiality, *Another Woman* walks real streets and breathes occasional draughts of real air. And it has a strong cast. Rowlands is good; and Sandy Dennis is terrific in a five-minute cameo of spitfiring, untidy anger.

My young son Felix keeps saying you should go back to making us laugh: a frivolous idea for which I biff him lightly around the head. But five minutes later I find myself pondering the same sentiments. And many of my readers have asked me to ask: When is your next comedy? Do you have one planned? Are you in it? And could you make it soon? They feel that while your serious movies could be made by almost anyone who has overdosed on Bergman or Chekhov, your funny movies are yours alone and without peer or pretender. Greatest respects. *Yours, N. Andrews.*

★

A motley week elsewhere. Only those caught by a rainstorm in Hampstead will want to sit through *We The Living*: a 3-hour, 50-year-old Italian soap-buster based on Ayn Rand's 1934 novel of love in revolutionary Russia. Alida Valli and Rossano Brazzi star; Goffredo Alessandrini directs, in black and white with lush banality. I am all for rediscovery, but not even the film's distinction of having been suppressed by Mussolini (anti-Communism was one thing in Fascist Italy, anti-totalitarianism another) can turn a turkey into a phoenix.

Amsterdamned and *Mac And Me* are the week's capers. The first is a Dutch murder thriller, with a mad frogman leaping out of canals to puncture passing pedestrians. Modest fun. The second is an *ET* rip-off, with a would-be cuddly alien (actually hideous) befriended by a Coca-Cola-drinking American family. Given the amount of "product placement" here (even the alien is succoured by the famous fizzy liquid), one wonders why the film does not come down from the screen and pass around the cinema wearing a sandwich board.

Better — just — is John (*Matewan*) Sayles's *Eight Men Out*. This is the advance frigate of the baseball task force soon to reach us from Hollywood. By summer's end we will have been assailed by half a dozen such films on America's favourite sport. Here is a brief glossary of terms to help readers, with examples chosen from *Eight Men Out*.

"Curve ball." A plot that seems to go in one direction then goes in another. As with this recreation of the 1919 Chicago White Sox scandal when eight players in America's top team were bribed to "throw" the World Series. The movie begins as overcrowded period fresco, then twitches into sentimental human drama, then switches back to fresco.

"Left field." What eight famous Chicago players did, without stopping for a shower, when Chicago newspapers exposed the gambling-and-bribery scandal. Most famous victim-culprit of all: baseball legend "Shoeless Joe" Jackson (D.B.Sweeney), who inspired the famous plea by a young boy outside the courtroom, "Say it ain't so, Joe." But it was so.

"Strike-out:" a movie that tries to hit the ball but keeps missing. Example: *Eight Men Out*. Lots of young actors here with histrionic strike power — John Cusack, Charlie Sheen, D.B. (*Gardens Of Stone*) Sweeney — but Sayles's ill-focussed script and direction defeat them.

"Diamond." Name for the baseball playing area. Alternatively: a stray glittering gem discovered in poor baseball movie. Here, the appearance of veteran writer-broadcaster Studs Terkel as one of two truth-sleuthing journalists. (The other is played by Sayles himself). Terkel has a cherubic snarl, a snowy charisma and a glint of mischief. The oldest member of the cast, he is the youngest, brightest thing in the film.

★

Finally, a brief follow-up bulletin after my recent report on the state of British filmgoing. Diligent in my readers' service, I visited my local cinema lately to catch a horror film I missed last month. The movie was *Hellbound: Hellraiser II*, but never mind that. (Indeed take pains to avoid it.) The evening's true horror lay in what preceded it.

Gena Rowlands in "Another Woman"

Though usually steeled for the worst that cinemas can assault me with in the way of supporting programmes — from "Look At Life" to "Catford: Jewel of the South" — I could scarce believe my eyes and ears on this occasion. For fifteen minutes, no less, the adverts battered away: lager brands, whisky brands, cars, after-shaves, hamburger chains — nineteen consecutive commercials. (Twenty if you include Rank's own concluding logo, a plea for more advertising.)

Is it to be wondered at that the cinema was 80 per cent empty? That yawns and fidgets provided the symphonic overture to the main film? Or that when that finally began, the man behind me shouted "Yee-hah! Here we go!", as if he were an escaped convict leaping into the sea after a spell on Devil's Island.

In an age when many other countries show movies with few commercials or none at all, in clean and comfortable multiplexes, Britain can still make filmgoing seem a pastime both unsavoury and unwelcoming. The last time I railed about this subject, I was touched by your heartfelt response. You too, it seems, have "done time" in your local Odeon or Cannon. This time, please write not just to me but to the chains concerned. Between us we can perhaps change the face of filmgoing in Britain. Failing that, we can fill in visa forms for Devil's Island, where I hear the standard of movie entertainment is fast outstripping Britain's.

Nigel Andrews

The Bastille Dances

SOUTH BANK

There is a certain irony in re-enacting the fall of the Bastille in London's concrete cultural corner. When that symbol of repression gave up its secrets, you will remember, only half a dozen prisoners emerged. They all apparently compared favourably, in point of shelter, clothing and regular nourishment, with the cardboard box-dwellers a few yards from this performance spectacle outside the National Theatre; and more than favourably with the derelicts, beggars and alcoholics in the nearby Waterloo pedestrian underpass, where the stench of urine and beer (which for many inner city-dwellers sums up the past decade) assails the bewildered visitors on the way to some of the most accomplished and prestigious arts centres in the world (which do not).

The bearded beggar huddled on the steps to Waterloo Bridge who hisses his mortified appeal for small change is in no danger of being taken for part of the performance. Station House Opera is a group which eschews mere realism. They specialise in the relationship between humans and their space, particularly their buildings. Last year their constructivist choreography came up with *Piranesi in New York*, a multi-levelled jumble of stairways and towers at the Brooklyn Bridge Anchorage. The edifice currently built each day to be rearranged, dismantled and transmogrified every night, initially recalls Escher rather than Piranesi. On a scaffolding framework an erection of breeze-blocks presents winding staircases, terraces, platforms, walls curved as well as straight, pillars, seats, even what seems to be a throne.

There is continual movement, not merely from the occasional musician (oboe, bassoon) with which the irregular pyramid is studded or the pair of beseeching hands that implore attention through gaps in the blocks, but from the workers who ceaselessly change the construction's shape. Bees in a hive, they methodically take down a wall to build it elsewhere. A microcosm of endless, purposeless labour, one removes a block as soon as it is placed in position by a colleague. Pillars are constructed and taken down. The erection's changing shape variously presents an arena or a mini-Stonehenge, a petrified forest of breeze-block columns, a peak-top temple or an open archway through which the illuminated dome of St Paul's is glimpsed along the river.

The humans meanwhile, when not working, freeze into poses in mid-labour. Some of these touch familiar chords, recalling the iconography of politics or religion: the figures sprawled upside down as if falling evoke Icarus or the Deposition or a heroically Romantic composition *à la* Delacroix. As it grows dark (the two-hour performance starts at nine) the lighting tints the blocks with pastel colours.

Brought to the South Bank under the auspices of LIFT and presented in association with the National Theatre, *The Bastille Dances* nightly until Saturday with its possible messages: where one barrier is demolished another is erected, ideals construct hierarchies as much as tyrannies. Julian Maynard Smith's production at least avoids the trap which attends so many offerings in the London International Festival of Theatre. It is not the excited trotting out of fringe theatre clichés just discovered by less sophisticated or untilrecently repressed cultures. Still, give it time.

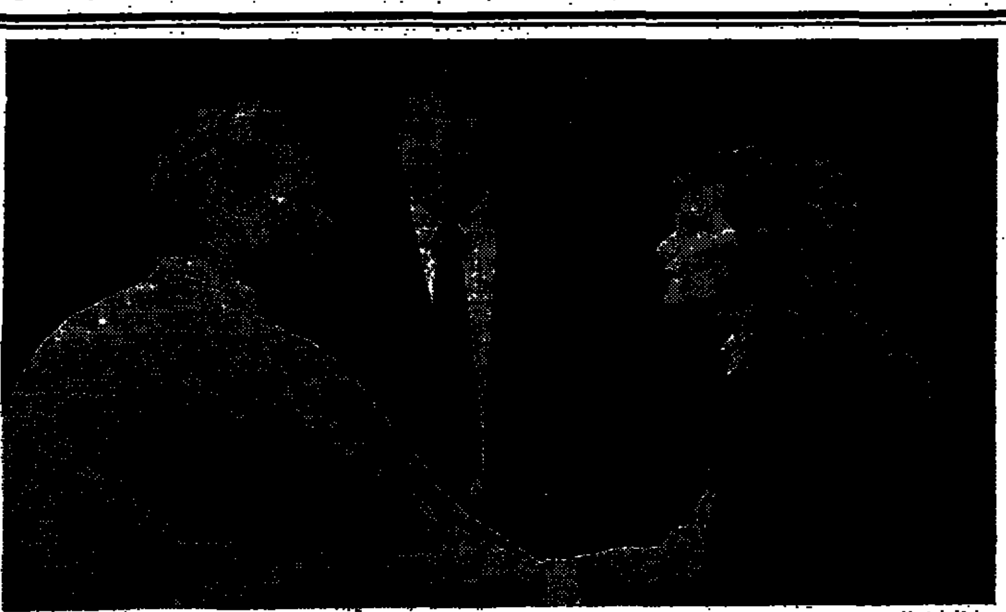
Martin Hoyle

Honor Ford Smith *Alastair Muir*

Twelfth Night

DONMAR WAREHOUSE

John Godber's direction of Hull Truck gives us an acid-house *Twelfth Night*, with rock songs (by Ronald Stone) and a good deal of dance movement, ancient and modern. All the cast take part in these, whether involved in the current action or not. Clearly, the production is less aimed at Viola's androgynous wooing of Orsino than at a house after a good laugh. The degree of success may be assessed by the free laughter of the mainly young audience at lines delivered with a minimum of subtlety.



Meriel Scholfield, Andrew Dunn and Andrina Carroll *Alastair Muir*

Only seldom were the words mistreated ("But did she see you, old boy?") but they are spoken without any idea of what they mean. "For saying so, there's gold," says Viola to the Captain, but doesn't give him any. As for Malvolio's closely-described fancy dress, it has been transmuted by designer Robert Cheesmond into 20th century teen-age costume, a decorated green sweat-shirt over baggy shorts, calf-high yellow socks above his trainers.

The costumes are, in fact, all 20th century, lounge suits for the men, pretty frocks for the girls. When Orsino comes in from cricket — any decent squire must turn out for his club, Illyria CC — he has braces and a dark, striped tie over his shirt and brown shoes below his whites. Malvolio is better dressed than his betters until he concedes to the instructions Maria has suggested to him in the letter that she, Sir Toby, Aguecheek and Fabian smuggle to him in the longest piece of determined comedy of the season.

William Ilkley, as Malvolio, gives one of the only two bits *of real characterisation of the* evening. He is not Malvolio, of course; that would be asking too much in the circumstances; but he is an ambitious NCO anxious to impress and gratify his superiors, and he speaks his lines, even when mad, as if he meant them. Paul Rider's Feste is a real person, too, a sort of third-rate Sinatra. He sings the music as such music should be sung; but he is not the Feste of whom Shakespeare wrote: "your fooling grows old" and "a fool that *Lady Olivia's father took much* delight in."

Sir Toby, Aguecheek, Fabian and even Orsino are variants *of grown-up lager-louts; their* potion comes more in 330 ml cans than champagne bottles. Martin Ronan's Aguecheek veers most from the basic pattern, but not far enough to make him very comic. Maria is nicely done by Deborah Winkles and Andrina Carroll, wearing a costume that suggests an Oxford lady graduate, is a properly upper-middle-class Olivia to fit in with this lot.

Meriel Scholfield's Viola is genuinely boyish as Cesario; she even practices a boy's stride to show off her jeans. Tim Whitehouse's Sebastian is utterly unlike her, but *this hardly matters in a production* that we are meant to laugh at but not to believe in.

B.A. Young

Die Zauberflöte

COVENT GARDEN

This is the *Zauberflöte* with the boys in lederhosen and a horde of little Papagenos and Papagenas. To come to the opera again barely a week after seeing a wonderfully simple and touching production at Drottningholm is to chance one's luck, but on balance I would say that the fussiness of the Royal Opera's *Flute* is outweighed at the final curtain by its sense of humour and magical visual appeal.

If the impression lingers of a production that has worked every choreographic movement to painstaking excess, then at this revival something of the same feeling had also permeated the musical performance under Colin Davis. Davis knows this opera inside out, but his insight into the score increasingly arrives courtesy of an excess of loving rubato. One longed for the music to speak more directly.

Which might ultimately be the verdict on the evening as a whole: much to enjoy, to observe, to make one think anew, but never the kind of artless exposition that can make *Die Zauberflöte* an object of childlike wonder. Typical of its flavour was the Papageno of François le Roux, new to London — a portrayal far from *being a naive child of nature*, and yet played with a resourcefulness and fullness of voice that makes one long all the more to see him in other roles.

In the Pamina of Karita Mattila and the Tamino of Keith Lewis there was a potentially satisfying central pair. Mattila has sung her role here to acclaim before, but this performance was like a snapshot of the original that had gone slightly out of focus, at least until the Act II finale, where all unexpectedly came right. Lewis's Tamino was technically accomplished, but more quiet singing is needed. He does not radiate sympathy, like his Pamina.

Among the rest of the cast, the outstanding member was Mariella Devia, singing with a striking clarity of tone as she approached the Queen of the Night's dazzling top Fs. She would have had every note exactly in its place, if only she had not momentarily lost her way. Robert Lloyd repeated his familiar Sarastro, welcome for its unforced dignity, and Paul Crook his thoroughly nasty Monostatos.

The surtitles make no apologies for the racist and sexist comments that litter the text of *Die Zauberflöte* alongside its passages of genuine humanity. It was interesting that the audience response wavered between embarrassed silence and stifled laughter, now that it can understand more of what is being sung.

Richard Fairman

Fallen Angel and the Devil Concubine

ALMEIDA THEATRE

Explorations of race, class and sexual oppression fuse in the Groundwork Theatre Company's contribution to the London International Festival of Theatre, beginning at the bottom with a marvellously pregnant scenario of two elderly Jamaican derelicts, one white and one black, each of whom consider they have first claim *to a disintegrating colonial* mansion.

Lettie, black, wears her mistress's bequest slung in scrolls around her waist, while Katie — daughter of an earlier and richer incumbent — shuffles around like Miss Haversham in tattered lace, fantasising exotic defences of her right to occupancy. While the two ancient crones squabble within, their house is bombarded from without by unspecified neighbours, presumably young and male.

The show developed out of improvisation by its two performers, Carol Lawes, coordinator of the company and a leading light in Jamaica's theatre-in-*education movement*, and Honor Ford Smith, artistic director of the Sistren Collective, which was a notable hit of an earlier LIFT.

With the help of director Hertenser Lindsay and script writer Pat Cumper they have shaped it into three scenes, each brought to a close by the intrusive thumps of the outside world. The contrivance of the structure sums up the besetting fault of a production which starts strongly, with some exquisitely funny characterisation, *but which then* meanders off into endless little illustrations of the bizarre new status quo — Lettie resentful and endearingly naive, while a mischievous Katie tries in vain to steal her food and force her into her "proper" place.

Only in the final half hour of a two hour show does it begin *to reveal the real story behind* the prejudice and pretence: Katie was abandoned for bringing shame on her family by running off with a black half wit; Lettie was raped by a white man while in service, handed her baby over to her mother for safe keeping and returned home to find the child *had been given away*.

Both women have been maddened by their experiences, but not too much to form a frail comradeship in the recognition of a shared injustice. The result is a song of solidarity heartening despite its flaws, which draws the two actresses into a dialogue of patois versus standard English which adds a musical dimension to a critical debate.

While some of Lettie's narrative is lost on the unattuned ear Katie slips fascinatingly in and out of patois — now the colonial pretender, now the local down-and-out, reminding one *of just how complex a knot* class and race have become in the wake of empire.

Claire Armitstead

ARTS GUIDE

July 14-20

EXHIBITIONS

London

The National Gallery. The Artist's Eye — this year the abstract painter, Bridget Riley's turn to take her pick of the collections. She chooses a mere seven works, but all of them masterpieces — great figure compositions by Titian, *Poussin*, Veronese, Rubens, El Greco and Cezanne. Daily until August 31.

The Whitechapel Gallery. Euan Uglow — a retrospective of the paintings of the nude by a painter who is at once the most severely objective and the most seductive of our painters of the figure. Until September 3; closed Mondays.

The Hayward Gallery. Art in Latin America — a rich and fascinating survey of the painting and sculpture that has come out of Central and South America since the early 19th century, which is roughly the period of the achievement of independence from the Spanish and Portuguese colonial empires. It presents an extraordinary cultural cocktail — political, anthropological and social besides purely aesthetic, with the volatile Latin sensibility set against the older Indian cultures. ndg August 6.

The Royal Academy. The 221st Summer Exhibition of the Royal Academy — the usual gigantic and enjoyable free-for-all of painting, sculpture, print and architecture with nearly 1,200 works on show. Daily until August 20.

Paris

Bibliothèque Nationale. 1789 Le Patrimoine libéré. Rather than inheritance *liberated*, words like confiscation and plunder would describe more accurately the manner in which the 200 treasures reached the Bibliothèque Nationale during the revolution. R. de Richelieu. Ends Sept 10.

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a *dramatic* entrance to one of the world's most famous museums. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.

The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout *its existence*. 10pm, all days except Tuesdays. Ends August 21. Entry through the Pyramid, Hall Napoleon, Niveau Accueil.

The Louvre. Michelangelo as draughtsman. Some 60 drawings chosen from great international collections come to Paris after being exhibited in the National Gallery of Art in Washington. *Closed Tue. Ends July 31.*

Centre Georges Pompidou and La Grande Halle de la Villette. A mammoth exhibition — Les *Magiciens de la Terre* — is ambitiously subtitled the First World Exhibition of Contemporary Art. Centre Georges Pompidou (42771233) and Grande Halle de la Villette, 211 Ave Jean-Jaures, Metro Porte-de-Pantin (42497722). Both *exhibitions* closed Tue and ends August 14.

Galerie Odermatt-Cazeau. Masters of the 19th and 20th century. A large Bonnard — La Place de Clichy — catches the bustle of a *Parisian street*. 85 bis, Rue du Fbg.-Saint-Honoré (42669258). Closed Sun. Ends July 29.

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 80 engravings is as impressive by the judicious selection of exhibits, as by the *exceptional location for 12 of* the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based *Pace Gallery* and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour.

Schirn, Kunsthalle, Am Römerberg 6a. A Wassily Kadinsky retrospective (1866-1944). Wassily Kadinsky, initiator and founder of the famous Blue Horse *style* also created a new form of *abstract painting. Ends Aug 20.*

Bonn

Kunsthalle am August-Macke-Platz, Hochstadenring 22.Centres, Residences and Metropolis in German History. Ends August 20.

Baden-Baden

Kunsthalle, Lichtenthaler Allee 8a. A retrospective of Jean Cocteau (1889-1963) to commemorate the 100th anniversary of Jean Cocteau's birth, the Kunsthalle *in Baden-Baden presents the* most extensive show of his work ever with around 500 exhibits. Ends July 30.

Bremen

The Kremlin Gold. The exhibition, jointly organised by the Bremen Uebersee Museum and the Moscow Kremlin Museum, will coincide with Mr Gorbachev's first visit to Germany this week. Bremen Uebersee Museum Bahnhofsplatz 13. Ends August 13.

Stuttgart

Staatsgalerie, Konrad-Adenauer-Str. 30-32, Salvador Dali: (1904-1989). Stuttgart presents the biggest Salvador Dali retrospective since his death earlier this year; to honour him on his 85th birthday. Ends July 23.

Vienna

Kunstsforum. Time is running out to see the Leopold collection. It contains, among others, hitherto unseen works by Egon Schiele and Gustav Klimt who revolutionised Viennese art at the turn of the century. Ends July 23.

Rome

Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimal art, until Oct 2.

Museo Napoleonico. *Eighteenth-*century Roman Theatre and Carnivals. Life was anything but comfortable for impresarios under the oppressive papacy of Pius VI, with ruin continually staring them in the face through forced closure by unpredictable papal censors. Ends Sept 30.

Turin

Russian and Soviet Art: 1870-1930. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. Ends October 20.

Spoleto

Rocca Albornoziana and Church of S. Nicolo. 17th century painting in Umbria. The exhibition is the fruit of nearly 20 years research work by Professor Bruntoscano and a group of helpers, who have been through Umbrian churches and convents with a *toothcomb, and the gloriously* restored results can be examined close-to in two settings (of which the latter is by far the most satisfactory). Ends Sept 23.

Venice

Museo Correr. French impressionists from the Mellon collection at the National Gallery of Art in Washington: more than 40 works, among which are delights such as Courbet's seascapes, Seurat's La grande Jatte, and Renoir's Madame Monet and Son. Ends Sept 4.

New York

Museum of Modern Art. A retrospective of the work of Helen Frankenthaler covering 40 years in 40 paintings explores the development of abstract expressionism since the war. Ends Aug 20.

Washington

National Gallery. More than 400 images are part of a massive retrospective of the 150 years of photography, here represented by Alfred Stieglitz, Walker Evans, Laszlo Moholy-Nagy among dozens of others. Ends Aug 13.

Chicago

Art Institute. Master drawings from the Teyler Museum, the oldest in Holland, include nearly 100 works of two centuries by Michelangelo, Raphael and Rembrandt.

Tokyo

Idemitsu Museum. Hoan Kosugi. An exhibition to mark the 25th anniversary of the death of one of Japan's leading contemporary painters. Kosugi's early work was influenced by Impressionism, but in later years he created a more Japanese style in sumie and watercolour. His favourite subjects were birds and people.

Riccar Museum. Ukiyo-e by Utagawa Kunisada (1786-1864). Small but pleasurable exhibition devoted to one of the few mid 19th century masters of the woodblock print.

FINANCIAL TIMES

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Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

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Lord Mackay holds firm

FEARS THAT Lord Mackay, the Lord Chancellor, would retreat in the face of protests from senior judges and barristers appear largely unfounded. Criticism of January's green paper has done little more than persuade him to amend his language. The white paper does not refer to the "absurd" practices of barristers; nor does it make an overt case for a free market in legal services. Lord Mackay remains committed to his goals of wider consumer choice and greater competition. But he has sensibly opted to modify the means with which he pursues those ends.

In the green paper, the Government argued that rights of audience before particular courts should depend only upon the education, training and codes of conduct of advocates. The decision on whether a professional body would be able to issue advocacy certificates would rest with the Lord Chancellor, subject to advice from an advisory committee. This proposal would have ended barristers' monopoly of access to the higher courts. But it was criticised on the grounds that decisions about who could do what would effectively be taken by an unaccountable advisory body supported by civil servants. Under the guise of introducing competition, it was argued, Lord Mackay would have transferred power from the judiciary and professions to the executive arm of Government. The independence of lawyers would have been undermined.

Independent scrutiny

The Lord Chancellor's response to this criticism is not to sacrifice the principle that people other than barristers should have rights of audience in the higher courts, but to find a way of permitting this without threatening the independence of lawyers. The solution proposed is to accept that only professional bodies can decide who is qualified to appear in court but to subject their standards and monitoring procedures to independent scrutiny. In the first instance the Bar and the Law Society will be the only bodies capable of recognising advocates, but Lord Mackay leaves open the possibility that other bodies might eventually be permitted to grant rights of audience.

Draft rules proposed by the Law Society, say, for recognising solicitors as advocates would become effective only if agreed to by the Lord Chancellor and four senior judges. Everybody concerned – the profession, the judges and the Lord Chancellor – would be obliged to "have regard" to the advice of the advisory committee, which would have a majority of lay members, be financed by Parliament and employ its own staff. The parties would also have to pay regard to statutory objectives which would state that restrictions on the way clients may obtain legal services can be justified only if they are necessary in the interests of justice.

Subject to challenge

Lord Mackay is thus saying that rules which subject barristers to greater competition can become effective only with the agreement of senior judges. But the judges would have to find good arguments for rejecting the recommendations of the independent advisory committee and other professional bodies. The judges' decision would itself be subject to challenge in the courts. The Lord Chancellor is thus throwing down the gauntlet: if judges can find arguments for restricting competition that stand up, competition will be restricted.

The strategy is thus to give the legal profession considerable powers of self-regulation, but to create an environment which will push it towards greater competition. Barristers will be free to decide whether to allow their members to take instructions directly from lay clients. But any rules forbidding direct access, unless agreed by the Lord Chancellor to be necessary in the interests of justice, would be subject to challenge from the competition authorities. Similar considerations apply in the case of multi-disciplinary partnerships, which will no longer be banned by statute.

Some advocates of market forces will find Lord Mackay's white paper disappointingly subdued. But the administration of justice is not an activity which can be equated directly with the manufacture, say, of baked beans. Competition has a role to play, but it can never be the only consideration. The white paper, by emphasising the role of self regulation and independent scrutiny as well as that of market forces, has struck the right balance.

Electoral change in Mexico

THE DECISION by President Carlos Salinas de Gortari to concede defeat in this month's election for the governorship of Baja California state on the US border is, strictly speaking, historic. This is the first time in the 72-year reign of Mexico's Institutional Revolutionary Party regime that the opposition has been allowed a share, albeit provincial, of executive power. The presidential decision to lose – an indispensable accompaniment to the popular will in view of the PRI's history of ballot-rigging – is the latest in a crescendo of courageous measures Mr Salinas has taken in his first year in office.

The young reformist took office as a weak president, his public credibility diminished by the questionable way he was shoe-horned into power by the state and party apparatus, which a year ago faced its most vigorous electoral challenge ever. His close rival on that occasion, Mr Cuauhtémoc Cárdenas, the left-wing nationalist dissident, triggered a mass movement for democratic reform.

Both men believe, though in different ways, that such reform is unstoppable. At stake is who leads it, and the extent to which it can be controlled and made compatible with a return to sustained economic development after the ravages of the foreign debt crisis and past policy mistakes. In order to "win" his presidency, therefore, Mr Salinas had to use its formidable powers to behave almost like a leader of the opposition.

Risk and benefit

He has removed the gangster-like leaders of Mexico's two most powerful PRI-allied unions, the oil workers and teachers; jailed the country's leading stockbroker for fraud (and other businessmen for tax evasion); arrested one of the region's biggest drugs traffickers and, separately, an accomplice – the former chief of Mexico's political police. Mr Salinas's predecessors had shrunk from such show-downs as too likely to destabilise during a period of violent economic dislocation.

What these *coups de main* have had in common, apart from astute calculation of risk and benefit, is their packaging. This is carefully arranged to exculpate individuals while ignoring, or even maintaining, the corporatist structures which gave them life. Similarly, despite a tougher attitude to business malpractice, the "concession capitalism" which has bound together the PRI and private sector may be getting a new lease on life, aided by otherwise successful structural economic reforms which have been introduced without either debate or accountability. Privatisation has unfortunately tended to strengthen already powerful monopolies, which have bought these assets on highly favourable terms. Far from being held in check by the Government's policy of open trade frontiers, these companies are also the only ones able to withstand the flood of cheaper imports and in many cases profit from it, through control of distribution.

Sceptical light

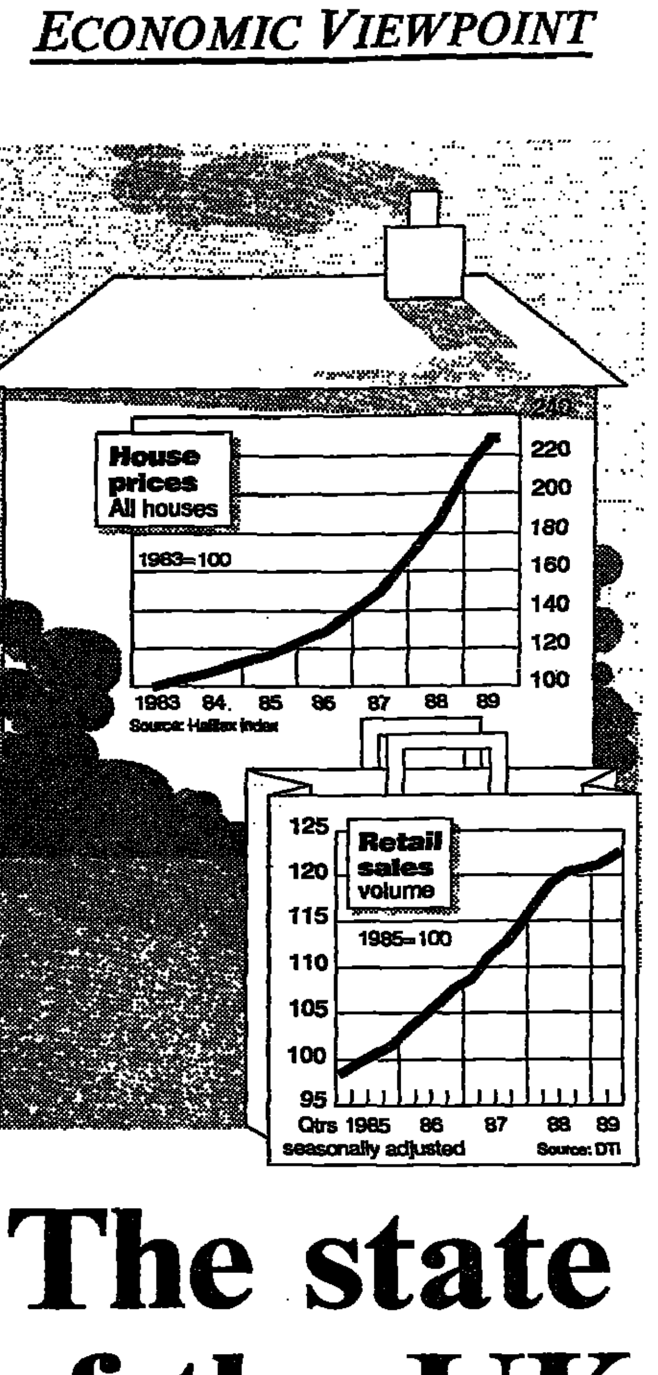
The Baja California result should, at the moment, be viewed in a similarly sceptical light. It is not clear whether it heralds real pluralism or more tokenism. The PRI surrendered this idiosyncratic state to the right-wing National Action Party, which unlike Mr Cárdenas presents no national threat. The simultaneous contest which Mr Cárdenas's party is thought to have won in his home state of Michoacan – the real test of the Government's intentions – was marred by the sort of chicanery Mexicans find increasingly intolerable.

Mr Salinas's position is not easy: the PRI old guard, badly shaken by last year's presidential election debacle, sees even Baja California as the thin end of the wedge. Others, close to him, believe that if they can get the economy right – a prospect they think will be transformed by an adequate deal on debt – the opposition will collapse. It is more likely that moves towards genuinely representative government are the precondition for renewed, and above all more equitable, development.

ECONOMIC VIEWPOINT

The state of the UK

By Samuel Brittan



The short-term disease of looking at a single month's figures encouraged only a few weeks ago a mindless hysteria towards sterling by some market commentators. The same mindlessness may now be *inducing an equally unjustified complacency.*

Just as it was absurd to regard the 3 per cent rise in the UK retail sales volume index in May as a sign that consumer spending was out of control, it is equally absurd to treat the 1.8 per cent fall in June as a sign that spending is now on a downward trend.

Just like the trade figures, retail sales are highly volatile; and comparisons should be *made at least between quarters.* Retail sales in the second quarter of 1989 were nearly 1 per cent *above the previous* quarter's level, and 3¼ per cent higher than a year ago. *There is neither a spending* spree nor overkill in these estimates; just a gradual slowdown from the 6 to 7 per cent rates of increase in 1987-88.

Similarly, when the Retail Prices Index was creeping remorselessly upwards, the hysteria-mongers were wondering how much *above 10* per cent it would reach. They refused to see how the index *was temporarily distorted* upwards by the inclusion of mortgage interest payments.

Now, *simply because the RPI* in June increased by "only" 8.3 per cent – the same as in May – *some market commentators* have done a U-turn. But nothing unexpected has happened. *The rate of increase of the* index may rise (or more probably fall) by the odd decimal point in July; *but it is bound to* drop in August *for the* mechanistic reason that comparisons will then be made with a period when mortgage interest rates had already risen.

The underlying rate of inflation – measured by the RPI exclusive of interest rates – is *around 6 per cent; and it is* difficult to see that moving decisively downwards at all soon. *The fall to 5.9 per cent* shown by this underlying rate in June is likely to have been a random fluctuation.

The picture of a gradual slowdown in the growth of home demand is confirmed by the housing market. Prices here fluctuate far more than prices of current output or consumer goods. The boom was heralded by a period of house prices rising by 20 per cent or 30 per cent per annum. If there were to be a hard landing or severe squeeze on consumer spending, house prices would now be seen to be tumbling.

This could happen yet. But the Halifax index of house prices has levelled off only this June. Halifax expects an average house price rise of under 5 per cent during 1989 as a whole, and one of around zero in 1990. The reported figures understate the shake-out because of the number of unsold properties. But there is still no sign of a property slump of the kind we saw in the middle 1970s.

The labour market, unlike housing, is always a lagging indicator. The latest figures *show that unemployment is* still falling, although at a slower rate than earlier in the year. *The overall picture is one* of final demand growing more slowly than before, but still *definitely growing in both real* and nominal terms. The more sensible opponents of the *Chancellor's exchange rate* policy are no longer talking of overkill, and indeed admit that *interest rates will have to* remain high for quite a time.

But mutterings can still be heard from *other critics of the* Chancellor about a squeeze on the money supply supposedly arising from the use of the reserves to support *sterling* in June. (I wish that some of these mutterers would look at what is actually happening instead of being guided by *a priori* beliefs about the supposed effects of foreign exchange intervention.)

Just as there are long lags between a demand slowdown and labour market changes, there are equally long lags between any easing of labour market pressures and a slowdown in earnings. The combination of labour shortages and the impact of high mortgage rates will be influencing settlements until well into next year. Employers are less likely to respond by large-scale redundancies than they did in the recession of the early 1980s. Not only is the pressure on profit margins more gentle; but the much *publicised* demographic reduction in the number of young workers is making them hold on to personnel. Thus the productivity offset to rising wages will be less in evidence.

The safest forecast is that underlying inflation will rise a good bit above 6 per cent before turning downwards, and by the next election in 1991 or 1992 be hovering around 5 per cent or a whisker under.

It is now getting too late for the *short sharp shock*, which might have been preferable to the present painfully gradualist path. The other possible route to lowering inflationary expectations – early full membership of the European Monetary System – has also been shelved, although for how long is far from clear.

My personal hunch is that developments may be a little better on the inflation front than the above rather safe projection. The dock strike is likely to muddy the trade figures for a few months to come. But at *some stage* the conventional view of an inevitable early sterling depreciation could begin to be questioned, as has already occurred with the dollar. Sterling will then start to look very attractive at interest rates seven percentage points higher than those in Germany; and international financial sentiment will move in favour of the British currency. (There have even been signs of this happening in the past week, despite the collapse of British Rail in the face of strike pressure.)

The appropriate response will be to let sterling rise until it is somewhere near the top end of the DM 3 to DM 3.30 range in which it has fluctuated since it was uncapped in March 1988. This will not *delight businessmen.* Nor should it; for it will apply the serious pressure on profit margins and labour costs which has been the missing element in the present squeeze. The *next stage should be to* intervene in the foreign exchange markets to recover some of the *reserves lost defending sterling* in the first half of this year. Then and only then should the *Chancellor consider reducing* base rates to prevent a sterling overshoot.

It will not have escaped readers that by then the main preconditions set by the *Government for entering into the EMS* will have begun to be met. If France has also taken serious *steps to dismantle* the remaining exchange controls, it will be time for the Chancellor to *disappoint* some of his more appeasing advisers and raise the EMS issue in Cabinet. For there will then be a once-only chance to lock Britain into the EMS at a relatively high *exchange rate,* which really will bring downward pressure on inflation.

There is a further reason why the UK economy will need an exchange rate safety catch. *The medium-term trend is for* domestic demand to rise faster than expected by the Treasury and other *mainstream forecasting* models. (The Chancellor's opponents are already looking forward to another year of over-optimistic forecasts for him to explain away.) Credit Suisse, *for instance, estimates* that non-durable consumption may have to rise by another 8 *per cent before it reaches an* equilibrium relationship to income and wealth in present deregulated markets.

But, although the medium-term risks lie in the direction of excess rather than deficient demand, short-term shocks are likely en route. I would expect, at some time within the next year or year and a half, 14 per cent base rates to start biting strongly. We will then see a shift from the present gradual slowdown of demand to one or two quarters of recessionary alarm, in which shouts of "overkill" will resound through the land.

Some built-in mechanism to prevent policy relaxation from going so far as to undermine all the hard-won counter-inflationary gains will be required; and none of the suggested monetary aggregates would do the job. So far from being a painless cure-all, the EMS is the one available mechanism *to prevent the British Government* administering an excessive amount of artificial stimu*lus in the run-up to an election* – an excess for which the country would have to pay *dearly as it has always done in* the past.

BOOK REVIEW

A grim vision of Israel

PALESTINE AND ISRAEL: The Uprising and Beyond
By David McDowall
I.B. Tauris, London; £14.95

It is *January 1, 2001,* and Israel is in more than its usual state of uproar. The Arab majority of northern Israel is staging another day of violent demonstrations in its six-month-old uprising against the Israeli Government. Armed Jewish activists are roaming Galilee mounting random attacks on Palestinians. Field Marshal Ariel Sharon, the hard-liner just elected Prime Minister at 72, is facing a rising tide of calls for Palestinian political parties to be banned and for Arabs to be transferred out of Israel.

This vision of a future breakdown of law, order and democracy in the Jewish state may not be as far-fetched as it seems. Although David McDowall is too sober a writer to spell it out directly, such a chain of events – or something quite like it – is heavily signposted in his new book on the conflict between Arabs and Jews in Palestine. It makes timely, prescient and above all depressing reading.

McDowall, a British former relief worker who has written widely-praised volumes about *the Palestinians* and the Kurds for the Minority Rights Group, takes as point of departure in *this part-historical,* part-polemical work the 19-month revolt against Israeli occupation of *the West Bank and Gaza Strip.*

With a logic that is relentless as it is disturbing, he describes how the *intifada* – an event he extravagantly describes as "the most important political development in the history of the Palestinian people so far" – has overturned conventional wisdom about Arab-Israeli peace-making. And he elaborates, in *terms* which both Israeli right-wingers and Palestinian leftists would understand, on the nature of the dilemmas facing the state of Israel as a result.

This is among the first of an expected stream of books on the uprising. It was begun before Palestinians started confronting Israeli troops in the streets and refugee camps of *the occupied territories,* and relies less on direct reportage than on thoughtful reading *and statistical interpretation.* But I suspect it will command more lasting attention than many more *narrowly-focused* works, by virtue of the power *of its message and the clarity of its analysis.*

The message, bluntly, is that if neat solutions to this conflict were imagined, they certainly do not exist any longer, and that if there ever was a Middle East "peace process" (McDowall doubts that this is what we should call the American damage limitation exercises of the last 20 years) it is likely to be all the more difficult to reconstruct.

The old prescription – UN Security Council resolution 242 providing for an exchange of territory for peace – was doomed to irrelevance, he says, by successive Israeli governments' refusal to contemplate a more or less full withdrawal to the pre-1967 border. It has become even less relevant today as a result of entrenched Jewish settlement in the occupied territories and growing radicalisation of Israel's own sizeable Palestinian minority.

Nor, given the known positions of both main Israeli parties on the central issues in an eventual negotiation, does McDowall put much faith in the emergence of a truly viable two-state solution. Achieving such a settlement would require genuine Israeli recognition of the Palestinians' security and economic needs, as well as *vice versa.* Even assuming a Palestinian entity were to emerge, the social and economic problems – resettling refugees, caring for a rapidly increasing population with limited land and water resources – could easily overwhelm it.

McDowall frankly admits that he has no idea whether there is a solution or what it might be. But "Palestine and Israel" is less a counsel of despair than a cry of alarm aimed at the idea that the conflict can be settled through half measures.

Perhaps the most troubling long-range issue it raises, for example, is one which even people on the Israeli left would sooner not think about for it raises the most sensitive questions about the nature of the Jewish state: the status of Israel's growing number of Arab citizens. Within Israel proper, the Palestinian popula*tion is already 17 per cent of* the total. On present trends, it could be close to a quarter of the total by 2005, and northern Israel could be two thirds Palestinian by 2010. This trend runs against the grain of everything Israel's founding fathers were trying to achieve, namely a Jewish democracy with a guaranteed Jewish majority.

As their numbers grow, the Arabs of Israel are less and less likely to tolerate being treated as second class citizens with the right to vote but little influence on mainstream politics, and comparatively limited access to economic and budgetary resources. McDowall's conclusion is that without moves to partition Palestine and to improve the lot of its own Palestinian minority, Israel could eventually be facing intercommunal strife on both sides of the "green line," with ugly consequences for its own society.

Andrew Gowers

OBSERVER

Green and pleasant

■ Not only new towns; also new forests, which may prove more popular. The Countryside Commission, the British Government's advisory body on countryside matters, is pressing ahead with its plans to create a New Midlands Forest, as the project is tentatively called.

There are five potential sites, each of them covering about 150 square miles. None of them can be far from Robin Hood's old haunts in Sherwood. Apart from reducing the shortlist to one, the next task is to find a financial adviser, for whom the Countryside Commission is now advertising.

The sums of money involved are large. Pam Gilder, who looks after forests in the Commission's conservation branch, says that the project will probably cost about £150m, which works out conveniently at £1m per square mile.

Not all the area will be covered with trees: perhaps only about half, Gilder says. There will also be scope for leisure and recreation. So there could be a return on capital, either from investing in the forestry or in the surrounding activities.

Still, £150m is a lot to find and the Commission is looking for new ways of raising a mixture of private and public *funds.* Do not suggest anything obvious, as I did, like buy a tree. "That's been done *before,*" said Gilder rather dismissively. "We're looking for something innovative from someone who really believes in the project."

Wrong number

■ Reliance on computerised mailing lists can lead to embarrassments, as almost everyone must know by now. But here is a bigger bloomer than usual. *Roger Gill,* Director of Strategic Planning at the Plessey Company, received a letter at his office address from the Small Business Marketing Manager at British Telecom.

"Dear Mr Gill," it read in part, "we've put together a free business catalogue that lets you see at a glance what products and services we now have on offer for people running a business. It covers everything from modern phone systems that can divert your calls to another number to mobile phones", and so on. "Every small business is different," it concludes.

Most of the products involved are actually made by Plessey. Gill wonders if the message is coded and whether Lord Weinstock has anything to do with it.

"He's sulking because he hasn't been linked to the BAT bid"

Bradyspeak

■ The term "structural rigidities" has been given new meaning by Nicholas Brady. Testifying yesterday morning before the Joint Economic Committee of Congress on last weekend's Paris summit, the US Treasury Secretary noted how a number of meetings had developed a stylised character. There was also the particular problem this year, he said, that it was "a little difficult to separate what was the celebration of France's Bastille Day from what was the summit." This was a structural rigidity.

Sell by...

■ *The London Gas Museum* at Bromley by Bow has a new exhibit – a bar of chocolate *that has been preserved since* before the first world war and may be the oldest in existence.

It is a relic of the centenary of the Gas Light & Coke Company in 1912 when all visitors to the company's exhibition at Crystal Palace were presented with a bar of Cadbury's Mexican special. One Horace Panting, an employee of the company, never got round to eating his because of something to do with a tiff with his wife. But it was kept in the family and has now been presented to the Museum by his son, also called Horace.

According to Panting, around the turn of the century, it was common practice for builders and engineers to leave on-site notes in a tin about who they were and what they were thinking. Many of them must still be preserved for posterity.

Latin plot

■ Nestor Rapanelli, Argentina's Economy Minister since *last weekend,* is now wanted in Venezuela on charges involving over-invoicing of grain imported to Venezuela by a locally-based subsidiary of the multi-national, Bunge and Born. As we noted on Monday, Rapanelli was vice-president with Bunge and Born, which started life trading grain, until his political elevation.

There appears to be nothing in the charges, but they reveal a lot about Argentine politics. The story came out in the Venezuelan daily, El Diario, which was founded by the Argentines, Rodolfo Terragno and Tomas Eloy Martinez.

Besides writing novels, Martinez is a member of the Fundacion Plural, an Argentine research institute which worked for the recently departed Radical government; Terragno was Minister of Pub*lic Works in the same government.*

Bank facts

■ *Facts from the Bank of* England's new economic briefing sheets for 8-12-year-olds. If all the £5, £10, £20 and £50 Bank of England notes in use today were laid end to end, they would go around the world over four times. The total number of banknotes and coins in circulation in Great Britain adds up to about £16,000,000,000. This is £300 for every person in Great Britain. People today who are buying a house need to borrow, on average, £39,000. Today 7,000,000 people have mortgages to help them pay for their houses. Altogether, these people owe the building societies £150,000,000,000. Some 29,000,000 people put their savings in building society accounts.

One of the Bank's test questions is: Think of a reason for borrowing £50. Now write a letter to the bank manager explaining why you want the money and trying to persuade *him/her to lend it to you.*

Cheap ride

■ Failing to find a taxi during the latest transport strike in London, a colleague noticed that he was standing next to the British School of Motoring. So he went in, asked for a driving lesson and was driven to the office for £12 – cheaper than any taxi.

Haig Simonian reports on the renewed debate about the influence of West Germany's big banks

The politics of power

Step into a West German department store, peer at a big building site or climb into a Mercedes taxi and the chances are you will coming into contact with one of Germany's big three banks.

Deutsche Bank, Dresdner Bank and Commerzbank all own huge equity stakes in some of the country's best-known companies, particularly in retailing and building. And, as befits Germany's most powerful financial institution, Deutsche Bank holds the pearl: a 28 per cent share in Daimler-Benz, Germany's biggest industrial group, worth around DM8.5bn (£2.76bn) today.

For a mixture of political and economic reasons, the stakes have been drawing increasingly angry glances recently, reviving debate about the power of the banks.

The subject is not new. German banks' commanding role in the economy, built up over decades of close credit relationships with big companies, and complemented by equity stakes and hundreds of supervisory board posts, has long been a subject of criticism. In 1979, the Kessler Committee, which was convened to look into banks' powers, concluded – after five year's study – that such accusations were unjustified.

Some bankers claim relations with business are now less intimate than in the past. The "Hausbank" relationship, which manacled a corporation to one bank, has loosened as companies have become more liquid, diversified their borrowing and turned more to securitised instruments.

In the current debate, however, the banks' domestic critics are joined by an influential voice from abroad.

The European Community's new Second Banking Directive, now broadly approved, will require all EC banks with holdings in outside companies to adopt two important new criteria in assessing their stakes.

- No single participation in a company can exceed 15 per cent of a bank's shareholders' funds.
- A bank's total equity stakes must not be worth more than 60 per cent of its shareholders' funds.

On the face of it, Deutsche Bank, owner of the most glittering portfolio, *stands to be most affected.* Last month, it told analysts that the market value of its stakes in quoted companies in which it had a 20 per cent share or more amounted to DM9.2bn at end-1988 – equivalent to about 40 per cent of its current share price.

Yet worried foreign investors need not fear a torrent of bank-held stock flooding the market. For, despite their seemingly draconian scope, the new EC regulations will have no impact. The reason is that the banks' shares are all held at book value – often at prices which are now decades out of date. Some of the department store holdings, for example, date from the "Arianisation" of formerly Jewish-owned retail chains by the Nazis in the 1930s. The result has often been to put a chunk of what would now appear to be ludicrously cheap equity on their books.

While the new EC Directive may not be causing German bankers any *sleepless nights, the growing domestic* debate about their "power" has started to rankle. Dozens of politicians are taking aim at the big banks. Few are more critical than the liberal Free Democrats (FDP), whose chairman, Count Otto Lambsdorf, is a long-standing critic of the big banks' power. According to the FDP, equity participations should be limited to 15 per cent. The Socialist SPD wants a 5 per cent ceiling.

The SPD has also called for limits on the number of supervisory board posts leading bankers may hold. It wants individual members of a bank's managing board to be limited to five supervisory board posts at non-associated companies. That would hit Deutsche Bank particularly hard; its 12 management board members share just under 100 supervisory board jobs between them.

W.German Industrial Stakes

Bank	Stake in	Size %
DEUTSCHE BANK		
(Directly)	Daimler Benz	28.24
	Philipp Holzmann	30
	Karstadt	25.08
	Klöckner	
	Humboldt-Deutz	40
	Südzucker	23.05
	Fiat	2.5
(Indirectly)	Metallgesellschaft	10.9
	Horten	18.75
DRESDNER BANK		
(Directly)	Brau and Brunnen	27.2
	Heidelberger Zement	25.1
(Indirectly)	Bilfinger + Berger	25
	Metallgesellschaft	23.1
COMMERZBANK		
(Directly)	Karstadt	25
(Indirectly)	Heidelberger Druckmaschinen	25
	Hochtief	25
	Horten	6.25
	Linotype	25

The concern is shared by the Federal Cartel Office, which wants representatives from a bank to be barred from sitting on the supervisory boards of companies which compete with one another. For example, executives on Commerzbank's managing board sit on the supervisory boards at three of the country's four biggest department store chains.

Criticism of the banks can be partly traced to one recent deal in particular: the planned takeover by Daimler-Benz of Messerschmitt-Bölkow-Blohm (MBB). Some critics of the growing concentration in German business are unhappy to see the country's leading aerospace group falling into the hands of what is already its biggest industrial company. Others are concerned about potential political sensitivities, especially abroad, to raising the profile of the German arms business.

Discussion of the deal has inevitably involved Deutsche Bank. It is Daimler's biggest shareholder, and Mr Alfred Herrhausen, the bank's speaker (chief executive), is chairman of Daimler's supervisory board.

In recent months, Deutsche Bank has appeared almost ubiquitous on the German corporate scene. It rescued Klöckner & Co, the Duisburg-based trading group, last October; it arranged the sale of Deutsche Texaco, one of the country's leading oil companies, to RWE, a Ruhr utility; and it has put itself forward as a self-appointed candidate to restructure Krupp.

A glance at its boardroom representation underlines its apparent omnipresence. Two senior Deutsche Bankers chaired the supervisory boards of Deutsche Texaco and RWE at the time of the sale – leading cynical competitors to comment that it was no surprise that the bank's new mergers and acquisitions unit got the mandate. More recently, the bank has masterminded the sale of Klöckner & Co to VIAG, picking up a large chunk of shares in Klöckner-Humboldt-Deutz, *a huge but loss-making engineering group*, in the process.

Mr Herrhausen's impressive eloquence and erudition, his reputation as an informal adviser to Chancellor Helmut Kohl and, above all, his willingness to take on – and forcefully express – what he genuinely feels are his "responsibilities" as a leading banker, have meant that the issue of the power of the banks has increasingly tended to become personified as a debate about Deutsche Bank in general and Mr Herrhausen in particular.

Away from the spotlight, many leading bankers regret that the issues have become so loaded. None claim any special attachment to their equity stakes, and all argue that the role of their shares as a lever on other companies or as a way around Chinese Walls – the two regular criticisms – are hugely over-estimated.

"The influence that is represented by the stakes is greatly over-exaggerated," says Mr Walter Seipp, chief executive of Commerzbank. "When things are going well for a company, the banks' stakes are of no interest. And when things are going badly, such stakes are particularly welcome – just look at AEG," he says.

Alfred Herrhausen: important roles at Deutsche Bank and Daimler-Benz

For Mr Seipp, the issue of the "power" of German banks is like the Loch Ness Monster; widely rumoured, occasionally claimed to be spotted, but impossible to pin down when scientifically researched.

According to Mr Wolfgang Röller, chief executive of Dresdner Bank and the current president of the German Bankers' Federation, only 114 of the 1,446 supervisory board seats on Germany's 100 biggest companies are *occupied by private-sector bankers.* And there are only 86 cases of industrial stakes where the banks hold more than 10 per cent of the shares, says Mr Herrhausen.

Some bankers brush off the latest attacks on the banks as party political posturing by an electorally threatened FDP. And they say the Christian Democrats, the FDP's bigger coalition partner, would long ago have slapped the issue down had not they themselves been electorally weakened this year.

The banks emphasise that many of their industrial stakes are either historical relics – as in the case of the department stores – or the legacy of earlier rescue packages, where debt has been converted into equity.

"You must understand that most, if not all, the participations came not because they were wanted, but because we were obliged to take them," explains one Deutsche Bank director. "If we disclosed it, you would already see that we have sold off a lot of our holdings."

Many argue that it is Germany's high corporate tax rates, which can exceed 60 per cent in aggregate, which are the obstacle to a further sell off. "People shouldn't be surprised if we're reluctant to see that money go to the tax authorities," says Mr Seipp. "It's hardly doing our duty to our shareholders to sell the stakes just to pay over 60 per cent tax rates on the proceeds," explains a counterpart.

"The stakes are not a holy cow for us," adds Mr Seipp. In property, where German tax rules allow banks to reallocate certain capital gains free of tax within a specific period, they *have shown no marked desire to hang* on to prized assets.

But for unswerving critics of the banks, the argument about tax rates is just an attempt shift responsibility to the government. "Bankers know that, for all its posturing, the Free Democrats will not change the tax rules, so the holdings will stay," says one Frankfurt analyst. "And they hope the Socialists will never return to power."

But matters could grow out of hand if the opposition to the banks develops into a distinct, and politically-exploitable, popular mood. The FDP is already talking about a tax break to encourage the banks to sell their stakes, while the ruling coalition may set up a special committee to look into the entire subject.

If the tide of opinion really does turn against them, the banks' options would become much more limited. How then to regain the initiative?. "Lose a lot of money," says one friendly observer. "Then we'd just be criticised even more strongly as being not only powerful, but stupid too," says one resigned banker.

LOMBARD

The best way to help Poland

By Peter Montagnon

THE REFUSAL of Western leaders at last week's summit to grant Poland much in the way of financial assistance was not as niggardly as it seemed. What Poland needs, if it is to climb out of its economic morass, is not more debt but less – and a promise from Western leaders that they will open their markets to imports of Polish goods.

By any objective yardstick Poland is an appalling credit risk. Its political future is uncertain; its economy is in tatters with widespread supply problems and rampant inflation; and its foreign debt of $39bn is nearly five times last year's hard currency export receipts of $8.3bn.

Eight years after its debt crisis broke per capita foreign debt has risen to a little more than half of its per capita gross national product of about $2,000.

With ratios like these, it is scarcely conceivable that Poland could ever repay its existing debt, let alone service additional loans. It would be even worse off if, as some have suggested, money were borrowed to fill its shops with consumer goods. That would be about as sensible as mortgaging your house for a pint of beer to give you energy to get to work in the morning. More *debt even for "sensible" investments* would simply add to the country's interest burden, deterring investment and hobbling economic development well into the future.

Poland has long been unable to meet the interest payments due on its existing debt. In recent years it has been meeting only about half its obligations, or roughly $2bn a year, most of which, until this year were to commercial bank creditors, whose claims make up 35 per cent of its total debts.

In the privacy of their boardrooms, bank lenders have acknowledged this reality by providing heavily against eventual loss. It is but a short step from here to writing off the debt altogether. If government creditors were to do likewise, Poland could be spared the grinding necessity of hoarding foreign exchange to meet interest payments, which it can never reasonably expect to afford.

Critics would argue that this entails an admission of default which would exclude Poland from western financial flows for the indefinite future. This need not be the case, however, and the savings on debt service would be far greater than Poland could ever expect to obtain in the form of new loans.

The need for self-reliance would force the authorities to pursue with even greater determination the economic adjustment which goes hand in hand with continuing political reform. Debt cancellation would also improve the climate for private sector foreign investment.

The uncertainty created by the overhang of foreign debt would disappear, while foreign exchange previously devoted to debt service could be freed up for the import of badly needed raw materials and for the remittance of earnings by foreign investors.

With its relatively well-educated workforce and extraordinarily low wage rates Poland is theoretically an attractive manufacturing base for Western firms. That it has failed so far to capitalise on this is in large part due to its own economic policies, which it now says it wants to change. The West can only hope that these *changes are prosecuted with* vigour, but it can actually help with debt cancellation and trade concessions.

President Bush has already taken one step along this road with his proposal in April to grant Polish exports duty free status under the US generalised system of preferences, but more could be done on trade especially by the European Community which maintains an intricate network of quota restraints against Polish goods.

These should be scrapped even when they affect sensitive areas like footwear and textiles.

Biting the debt bullet might be politically painful for the West because it would force governments to confront the mistakes they themselves made as lenders. Yet it would be much more use to Poland than a few hundred million dollars in new loans grudgingly given to appease the western conscience.

LETTERS

Accountants' ethics

From the President, The Institute of Chartered Accountants in England and Wales.

Sir, Your report "Accountants unhappy with ruling on corporate work" (July 14) gave a misleading impression of an important topic.

In April the council of this institute approved a statement of ethical guidance for members and member-firms involved in corporate finance advice and take-overs. The Take-Over Panel was consulted about the statement before it was finally approved.

The statement did not, as your article suggests, "rule" that an accountancy firm "should not act for both sides in a public company merger or acquisition." Instead, it advised that a firm, acting as auditors or advisers for two or more parties involved in a take-over subject to the City Code, may continue to act for more than one party in the capacity of auditors or reporting accountants on any profit forecast and in the provision of incidental advice.

However, it went on, the firm should not act as a lead adviser for any party involved, nor issue a critique of a client's accounts, and the firm should implement proper safeguards. Examples of the sort of safeguard required are given in the statement.

It is possible that your report about the status of this guidance could give rise to misunderstanding.

In the field of professional ethics, the institute's experience is that guidance is a more effective form of regulation than detailed rules: members are expected to comply with the spirit as well as the substance of guidance: detailed rules invite ingenuity to avoid. It is true that non-compliance with guidance is not *ipso facto* a disciplinary offence, but it is a matter which carries great weight in disciplinary proceedings.

Let me state our position quite clearly: members of this institute, along with members of certain other accountancy bodies, are entrusted by statute with the audit of company accounts. We have always regarded it as part of our function to offer guidance to members on the conduct of the audit and in other important fields of practice, and disciplinary proceedings are brought wherever members are believed to have fallen below the high standards set for them.

In recent years firms of chartered accountants have forged ahead in the field of corporate finance advice, not always arising out of their role as auditor. When the Companies Bill now before Parliament becomes law, we expect to take on additional responsibilities over members in relation to the audit function.

The council of the Institute is determined to see that its members have access to sound guidance in relation to the audit and to all the important fields of work in which their firms are engaged. Any representations your correspondents may have received to the contrary reflect neither the views of this institute nor, I believe, those of the senior partners of the Big Eight.

Philip E. Couse,
PO Box 433,
Chartered Accountants' Hall,
Moorgate Place, EC2

Inside the rules

From Mr Martyn Arbib.

Sir, It appears that there is one rule for fund managers and private investors which could land them in gaol, and another for directors who build up a stake in a company in the knowledge that they are going to make a takeover bid. Both can make purchases at the same time: one moves to gaol; the other is a financial engineering hero. It is reported that Hoylake has built up a recent stake in BAT.

After another big bid a few years ago, I wrote suggesting that any predator company should be restricted from bidding for a company for two years after its last share purchase. A possible addition to that should be that a potential predator can purchase shares in the potential target company providing that it announces beforehand that it is contemplating making a bid.

Thus investors selling their shares just prior to the bid would not be hurt by the predator buying shares on what might be termed inside information; and all purchasers of the shares would be dealing on roughly the same information.

It might make some of the bidding companies think twice about making a bid, as they would not be bailed out of their expensive professional fees by the profit they make on shares purchased from unfortunate investors prior to the bid.

The additional benefit would be that investigations into insider dealing would be reduced, as far as take-over deals are concerned.

Martyn Arbib,
New Farm, Badgemore,
Henley-on-Thames, Oxfordshire

In on the deals

From Mr J.A. Rowson.

Sir, You correctly report (July 13) that this firm acts for BAT Industries, has done for many years, and is acting for BAT in relation to its defence against Hoylake. You are wrong, however, to imply that we are not one of "the five major merger and acquisition law firms in the UK."

As Acquisitions Monthly reported in its May 1989 issue, we were ranked fourth in the "league table of legal advisers to companies involved in public offers over £100m during 1988," acting in 11 deals worth £5,884m; and fifth in the 1988 UK "all deals" table, with 23 deals worth £1,554m.

J.A. Rowson,
Herbert Smith, Watling House,
35 Cannon Street, EC4

UK sovereignty lives

From Mr E.C. Gater.

Sir, Justinian (July 3) concludes, for no good reason, that "sovereignty as a legal or constitutional concept is dead." The article is apparently designed to counter Mrs Thatcher's statement that economic and political union of the EC under the Delors plan means "an unacceptable transfer of sovereignty."

Plainly, this concept (which is far from dead) means the power of the UK to order its own affairs, whether through the Government, the Crown, or any other mechanism designed for that purpose. A particular example can be found in international law, where sovereignty means the right of any state either to co-operate with other nations in implementing treaties and conventions or to withhold its consent to them.

In the particular example of the EC, the UK, in agreeing to membership, has agreed to accept the obligations of the Treaty of Rome and to take into its system of law and procedure measures agreed by the European Commission in concert with its partners in the Community. Constitutional lawyers would argue (correctly) that the accession to membership of the Community with its accompanying obligations and privileges is by no means a surrender of the UK's Parliamentary sovereignty, as Parliament is at liberty at any time to repeal the European Economic Communities Act 1973, thus withdrawing from EC membership. Norway has already withdrawn from membership on exactly this basis.

UK sovereignty, whether of the Crown or Parliament, thus plainly remains. It is also a living force, and a vital feature of the relationship of one country with another or a group of others.

E.C. Gater,
42 Tangier Lane,
Eton, Berkshire

Options market listings

From Mr Duke Chapman.

Sir, A misquotation (June 6) caused a factual error regarding the multiple listing of equity options. Your reporter quotes me as saying "that once an option trades more than 15,000 contracts a day, there are no perceived advantages in listing it on more than one exchange." I stated that Securities and Exchange Commission (SEC) economic studies indicate that investors benefit from multiple listing only in low volume classes – *under 1,800 contracts per day.*

The SEC studies were conducted in low volume classes and indicate no cost benefits to investors in multiple listed, high-volume options. While the Chicago Board Options Exchange is prepared for a multiple-listing environment, we contend that the multiple listing of options will cause market fragmentation and investor confusion.

Duke Chapman,
The Options Exchange,
LaSalle at Van Buren,
Chicago,
Illinois, USA

FINANCIAL TIMES
Thursday July 20 1989

Fermenta story ends in jail for Refaat El-Sayed

FOR Mr Refaat El-Sayed the wheel of fortune has turned full circle, writes Sara Webb in Stockholm.

The Egyptian-born immigrant who built up Fermenta – the Swedish antibiotics and animal health group – into one of the glamour stocks of the Stockholm bourse, was sentenced yesterday to five years in prison on 14 counts of swindling investors, perjury, fraud and insider trading.

El-Sayed: irrepressible

The conviction seems unlikely to mark the end of the Fermenta scandal which has run for more than two years.

Those who have followed the extraordinary career of the irrepressible Mr El-Sayed – who even while under investigation flew around the world in search of someone who could help him buy back his company – may also wonder if prison will mean the end of the El-Sayed saga. He protests his innocence and hopes to appeal.

Mr El-Sayed, 44, moved to Sweden in 1964. His career with Fermenta began in 1981 when he bought a loss-making subsidiary from Astra, a pharmaceuticals group, for SKr39m ($6m).

He raised money for expansion through a public offering in 1984, and subsequently turned Fermenta into a leading producer of bulk antibiotics with plants in the US, Italy, and France. Fermenta's share price shot up 1,200 per cent from the time of its stock market launch to its peak 18 months later.

Small investors adored him, partly because of the success of the share, but also for his common touch. He played football and lived unpretentiously despite being one of the richest men in Sweden. He turned up to business meetings without a tie and never flaunted his wealth with flashy cars or palatial property.

Despite his immigrant background, Mr El-Sayed became a hot property in Sweden's clubby business circles. But the same names who feted him at the peak of his fortune were quick to disown him when the going became sticky. Some claimed that his throaty delivery of the Swedish language (his quotes were usually subtitled on Swedish TV so that viewers could follow) had prevented anyone from understanding what he was up to.

In 1986, Volvo saw Fermenta as the key to building a pharmaceuticals and biotechnology group. But a leak from a disgruntled envionrmentalist revealed that Refaat had faked his academic credentials.

Volvo backed out of the deal, Refaat was removed from the chief executive post and the share price plummeted.

Then at the end of 1986 external auditors found irregularities in the figures. Mr El Sayed was declared bankrupt as the shares he owned in Fermenta plummeted and he was unable to pay off his debts.

Prison in Sweden is a comfortable place and before long he may even be sent to a prison holiday camp to learn cross-country skiing or on a Caribbean cruise courtesy of the taxpayer.

Sorrow of an exiled Chinese executive

Katherine Forestier profiles Wan Runan who dared to support democratic reform

WHEN some of China's dissident leaders turned up in exile in France last week one man looked distinctly out of place among the students and academics.

Wan Runan, wearing a well-cut Western suit, was a rarity not just in the democracy movement but China as a whole.

He was probably the country's most influential independent business executive until his name appeared on arrest warrants following the brutal suppression of the peaceful protests in Peking on June 3 and June 4. He and his company, the Beijing Stone Group, are now paying the price for the sympathy they expressed towards the democracy movement.

Wan, 42, is on the list of seven prominent intellectuals named by the authorities as behind-the-scenes leaders of the student movement. The company's offices are occupied by People's Liberation Army soldiers. Wan has been sacked from his post as president and, along with six of the 11 vice presidents, is in hiding abroad. He reached Paris from China via Hong Kong and the US.

Wan was a pioneering figure in China. While there are many small-scale private or independent businesses in the People's Republic, only a handful have achieved national importance, the most innovative and influential being Stone.

Wan, who had been a computer scientist at the Chinese Academy of Sciences, set up Beijing Stone five years ago with capital of Rmb20,000 ($5,360).

He started with a team of seven. By this year Stone employed 900 people and had 27 subsidiaries, branch offices and offices in Japan, the US and Europe. In China it accounted for about 80 per cent of China-produced word processors. Turnover last year was Rmb49m. In dollar terms, exports leaped from $1.23m in 1987 to $8m last year.

But the Beijing Stone Group was more than a company. For its people, who call themselves Stone People, it was a philosophy that for the past five years had challenged communist orthodoxy with the support of the reformist wing within the Government. If economic reform was to have any effect in China, the Stone People saw it as a philosophy that had to be spread throughout the industrialising economy.

Wan is not clear what will happen to Stone. "It could be closed, be absorbed into a state enterprise, or gradually decline," he said. What is certain is that it has not only lost its exceptional founder and president but also the political influence that allowed it to out-compete state institutions.

Wan was a confidant of Zhao Ziyang, the former Communist Party leader, who had recognised its methodology as the hope for igniting talent and hence economic development.

Wan's downfall proved to be linking corporate reform with political change. For the Stone philosophy to spread throughout China, he was convinced of the need for political reform, setting up a political research unit to examine and lobby for change. The unit became one of Zhao Ziyang's think-tanks.

For the Stone philosophy to spread, Wan was convinced of the need for political reform. He set up a unit which became a Zhao Ziyang think-tank

When the student movement erupted in April, Wan gave it his support. After martial law was declared he called for the National People's Congress to be convened to discuss their demands. In exile in Paris, Wan reiterated that political reform was essential if economic change was to continue.

"If the political system is not changed, we cannot have economic development," he said. The key, for him, was for China to do what it had failed to do since the communist revolution in 1949: harness the talent of its human resources.

To make the distinction between Stone and its state-owned rivals, where scientists have long felt stultified and undervalued, its company watchword was that the only thing that it would not tolerate was the suppression of talent.

The resulting dynamic atmosphere within its Peking offices was rare in China. But Stone was different from its Western equivalents and should not be labelled "private" or "capitalist". It was, in effect, a co-operative enterprise, owned by its employees but with firm management. It also performed many of the roles of the traditional communist work unit, such as providing subsidised housing and a string of welfare benefits.

Wan had hoped that the success of Stone would lead to more such companies, a purpose he was achieving. With the support and interest of Zhao Ziyang, Stone was being used as a model for others to follow. New quasi-independent companies being set up under state-owned research institutes tried to follow the Stone example of co-operative management that gave free rein to initiative, as well as economic incentives to talented people. In addition, about 10,000 other independent high-tech companies had mushroomed, again using Stone as their model.

Almost all young computer scientists had wanted to join one of these companies, with Stone being their first choice.

The success of Stone had prompted an ideological debate long before the June crisis. The issue was whether, in a Marxist country, a non-state company should be allowed to dominate the lucrative computer industry. Many scientists wanted to transfer from state work units to Stone. Often their bosses refused permission. On the other hand, with support in high places, Stone was allowed to expand rapidly and even to take over the management of two state work units – a factory and a research institute.

The issue came to a head when a computer scientist invented a Chinese-English typesetting system while working for a subsidiary of the Chinese Academy of Sciences. His work unit was not interested in developing the system. He joined Stone which formed a joint-venture with Unisys, the US computer company, and made a success of the product. The academy then claimed that the patent should be theirs because the scientist was working for them when he invented the system.

The issue has been a test-case for science reform in China and the case is still going through the courts. New patent laws and laws allowing scientists to develop their own products had been designed to inject incentives into all branches of the demoralised scientific sector.

But Wan is taking a characteristically Chinese long-term view about the fate of Stone, and China. "It does not matter about Stone," he kept saying. "This Government cannot last." In the meantime he will live in the US, where Stone has business interests.

In Paris he looked grey and drawn, lost in his new role as exile abroad. While his personal future and prosperity is assured, one senses that his country is more important to him. He must now decide whether to help lead the democracy movement in exile or develop Stone abroad.

"I need advice from my friends about what I should do now," he said. "If I go into politics, it will harm my company more. But the students are young. They need direction. Many people say the students and intellectuals have some excellent thinking, but not the ability to take action."

While he decides, he plans to set up a new Stone headquarters in France, the US or Australia. We have not heard the last from Wan Runan or Stone.

Katherine Forestier is a journalist who recently returned from China after a year living and working in Guandong.

THE LEX COLUMN

Slicing up the Italian cheese

BSN/Agnelli

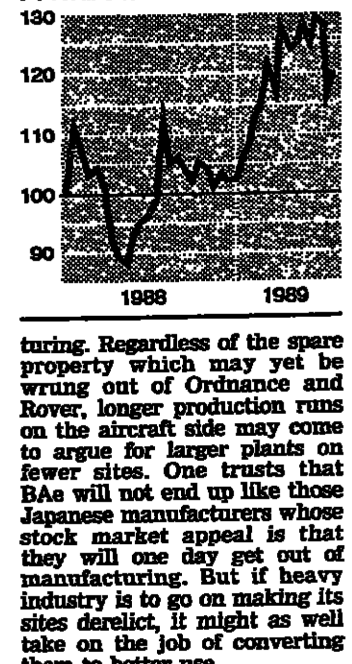
When it comes to feeding the Europe of 1992, the French group BSN is leaving the others standing. Having just snatched the number two position in the UK biscuit market, it now has a potentially commanding position in Italian cheese and salami. Its initial stake in the £1bn Agnelli purchase of Galbani is only 25 per cent, but it has first refusal on the remainder. Its now established link with Mr Agnelli as its champion in the Italian food and drinks industry is paying off handsomely: the exit p/e for Galbani is only 18 times, compared with a price of nearer 28 times paid by Nestlé for Buitoni.

Mr Agnelli's position, as might be expected, is more complex. He appears to be paying only a modest amount of the purchase price in cash. The bulk is being financed by the disposal of Fiat shares to Galbani, the sale of a further 15 per cent of his IFIL Partecipazioni company to BSN, and a rights issue partly taken up by an unnamed Gulf investment house.

It seems unlikely that Mr Agnelli has long-term ambitions as owner of Dolcelatte and Bel Paese. More significantly, BSN is pushing forward, along with Nestlé and Unilever, to ensure that Southern Europe – the fastest-growing part of the European food market – is being comprehensively carved up by the established giants of the industry. If that leaves no room for anyone else, that is the beauty of the single market.

Rolls-Royce

Share price relative to the FT-A All-Share Index



BAe/Arlington

British Aerospace's purchase of Arlington Securities seems to slam the final door on a question of public policy: just how much taxpayers' money BAe made off with in its purchase of Royal Ordnance and Rover. Of the six sites which BAe will initially hand over to Arlington for development, no less than five were once Ordnance or Rover factories. But Arlington is a big developer in its own right; and to blur the edges further, the results of the new property division will be lumped together with those of Ballast Nedam, which builds airfields in places like Saudi Arabia.

But these are merely tactical aspects. There is no real reason to doubt BAe's twin assertions that its move into property development is a long-term project, and that it still gives absolute priority to manufacturing. Regardless of the spare property which may yet be wrung out of Ordnance and Rover, longer production runs on the aircraft side may come to argue for larger plants on fewer sites. One trusts that BAe will not end up like those Japanese manufacturers whose stock market appeal is that they will one day get out of manufacturing. But if heavy industry is to go on making its sites derelict, it might as well take on the job of converting them to better use.

Market

The London rally may be lasting longer than expected, but it is not looking any more durable. Yesterday's 19-point rise was mainly down to the latest bid and break-up stories, with favourites like Cadbury still running and a generous sprinkling of new ones from P & O to Scottish & Newcastle joining them. The latest advance on Wall Street underpins London to some extent; relative to the Dow, the FT-SE is only slightly higher than it was 12 months ago. Yesterday's rise in the US market was on the basis that inflation has turned; but even if that is so, it is too early to expect further loosening from the Fed just yet.

Rolls-Royce

Brussels is happy, the UK Government is happy, Rolls-Royce and British Aerospace are happy: the decision to double the ceiling on foreign ownership might seem the ideal compromise. The practical problem is solved, so that foreigners can once again buy without fear of forced sales. However, the theoretical issue is as unresolved as ever. At first sight the UK seems to have won the argument over whether discrimination is justified on national security grounds. But in return for apparently backing down on a point of principle, Brussels has kept rather a powerful last card to itself. At the slightest evidence that foreigners are suffering as a result of the new limit, the whole question can simply be reopened, with the UK Government possibly ending up in the European courts after all.

For now, the new ceiling is high enough to make that a pretty distant threat, and the news can only be positive for the companies' share prices. The 3 per cent rise in Rolls-Royce shares yesterday may bear out the company's complaint that the restriction had cast a deep shadow over its shares; alternatively it just proves that in its present suggestible state, the market views almost any story as an excuse to buy.

FKI Babcock

Is FKI Babcock a victim of the short-sightedness of City institutions or has its management's game plan been rumbled? It is a question of more than passing interest given the current debate about the future of conglomerates. Two years ago FKI, a small electrical company with a fancy stock market rating, came to the rescue of Babcock, one of the grand old names of British industry. The latter was short of work, inefficient and had a management either unable or unwilling to take the sort of action which would ensure the company's long-term survival. With the help of some imaginative accounting and a few no-nonsense Northern businessmen, Babcock has been transformed into a low-cost heavy engineering group with a fat order book and its profits have been more than doubled.

Despite this impressive turnround, FKI Babcock's shares remain stubbornly below the 182p rights issue price struck to help pay for Babcock; so a disillusioned management team has decided to break the group up. While there is a certain sympathy for the group's plight, there is no real reason why FKI Babcock deserves an above average rating.

There was never any obvious commercial benefit in sticking the two bits together; and FKI's past success depended largely on its ability to issue paper to pay for acquisitions. Remove this and it is a rather dull company. The key question now is whether the sum of the parts is worth more than the 182p suggested by management. Until the North American businesses are sold, valuing the group's shares remains a risky occupation.

US relaxes curbs on PC exports to West

By Lionel Barber and Nancy Dunne in Washington

THE US has relaxed curbs on the export of popular personal computers to Western destinations and is to press for the easing of multilateral restrictions on the sale of these items to the Soviet Union and Eastern Europe.

The move by the US Commerce Department may signal a loosening of US export controls on technology transfers to the Soviet bloc but it does not go as far as US computer companies – and certain Western allies – would like.

The decision is expected to be used as a negotiating stance during the meeting this week of the Paris-based Cocom organisation – which governs technology transfers by the industrial countries.

The US move involves desktop models such as the Apple Macintosh Plus, IBM PS2 and IBM AT-class compatibles. These are computers with a processing data rate of up to 8m bits per second, considered to be the equivalent of mid-1980s technology.

The Cocom rules allow for this unilateral liberalisation. The US will ask to extend it to Eastern bloc countries in line with President George Bush's desire to expand trade "in areas that improve prospects for prosperity for Eastern Europe without harming America's national security," Mr Robert Mosbacher, the US Commerce Secretary said.

Mr Mosbacher said the liberalisation was justified because similar computers were available to Communist countries from suppliers in 11 countries, notably Brazil, Taiwan, Singapore and India.

The Pentagon argued that the technology was not available in any significant quantity or quality outside Cocom countries.

Miss Maryann Karinch, spokesman for the Computer and Business Equipment Manufacturers Association, said the decision to allow shipment of personal computers to Western destinations reflected US concern that American companies be able to take advantage of the single, integrated EC market by 1992.

However, Mr Ed Black, a spokesman for the Computer and Communications Industry Association, implied that the easing was less than meets the eye.

There were several restrictions on the sales, even to Western destinations, he said.

US companies sold about six million personal computers in 1988 – of these about 2.7m were sold outside the US.

Mr Mosbacher said the relaxation of export curbs offered the chance for American companies to make "big money."

Agnelli and BSN buy into Italian cheese

Continued from Page 1

international development through Danone's distribution network.

Mozzarella accounts for 15 per cent of the 840,000-tonnes-a-year Italian cheese market, Europe's largest, and Galbani is leader, ahead of Kraft, with a market share of 17 per cent.

BSN originally teamed up with the Agnelli family in January 1987, when it combined with Ifil to take control of San Gemini Ferrarelle, the leading Italian mineral water producer. The alliance was cemented later that year with BSN taking 20 per cent of Ifil Partecipazioni and Ifil taking 4.9 per cent of BSN.

The two partners have made a number of acquisitions since then, both in Italy and in Spain, in sectors such as brewing and grocery products. BSN said it had pre-emption rights over Ifil's stake in Galbani. BSN, which recorded a 9.6 per cent increase in sales in the first half of this year to FFr23.2bn ($3.6bn), said the Galbani acquisition was not connected to its decision a fortnight ago to sell on to PepsiCo of the US two UK crisps producers, Smiths and Walkers, which it had bought a month earlier.

UK told to clean up its water or face European court

By William Dawkins in Brussels and Richard Evans in London

BRITAIN'S WATER privatisation plans suffered another setback yesterday when the European Commission promised to take court action against the UK in two months unless it abides by EC drinking water purity standards.

The move was seen in London as an attempt to put increased pressure on the UK Government to reach an early agreement after months of acrimonious negotiations.

Settlement of the row about water standards is essential if flotation of the 10 water authorities in England and Wales in November is to be a success. Continuing disagreement would raise too many doubts among investors.

The Brussels authorities agreed in principle to take Britain to the European Court of Justice for failing to adhere to its EC treaty obligation to observe European water standards. But deferred action to allow national and Commission officials to seek a solution to the long-running dispute.

Failing that, the court could ultimately force Britain to clean up its water without the option of negotiating with Brussels. This increases pressure on the Government to add to the billions of pounds it will already need to spend on improving water purity during the industry's privatisation.

The Brussels decision follows an inconclusive meeting last week between Mr Nicholas Ridley, UK Environment Secretary, and Mr Ripa Di Meana, European Commissioner for the Environment. Their officials will meet again before the end of the month.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	F	26	79	Malta	S	29	84	Rhodes	S	26	79
Algiers	S	35	95	Edinburgh	S	23	73	Manchester	S	23	73	Rio de J'o	F	13	55
Amsterdam	S	18	64	Faro	S	30	86	Manila	C	30	86	Rome	S	26	79
Athens	S	29	84	Florence	F	28	82	Melbourne	F	9	48	Salzburg	S	19	66
Bahrain	S	40	104	Frankfurt	S	19	66	Mexico City	C	30	86	San Francisco	F	14	57
Bangkok	F	33	91	Funchal	F	24	75	Miami	F	28	82	Seoul	F	31	88
Barcelona	S	27	81	Geneva	S	23	73	Milan	S	26	79	Singapore	F	30	86
Beirut		–	–	Gibraltar	S	27	81	Montreal	F	21	70	Stockholm	F	18	64
Belfast	C	23	73	Glasgow	F	24	75	Moscow	C	20	68	Strasbourg	S	21	70
Belgrade	S	19	66	Guernsey	S	20	68	Munich	F	18	64	Sydney	F	13	55
Berlin	F	19	66	Helsinki	C	15	59	Nairobi	C	25	77	Taipei	F	34	93
Biarritz	S	30	86	H. Kong	F	30	86	Naples	F	30	86	Tangier	S	26	79
Bombay	C	29	84	Innsbruck	S	21	70	Nassau	F	33	91	Tel Aviv	S	30	86
Bordeaux	S	31	88	Inverness	S	20	68	New Delhi		–	–	Tenerife	S	24	75
Brussels	S	20	68	Islamabad	C	36	97	New York	S	21	70	Tokyo	F	28	82
Budapest	C	15	59	Istanbul	F	28	82	Nice	S	26	79	Toronto	C	21	70
B. Aires	F	24	75	Jakarta	R	32	90	Nicosia	S	28	82	Tunis	F	29	84
Cairo	S	33	91	Jersey	S	23	73	Oporto	S	22	72	Valencia	S	31	88
Cape Town	S	15	59	Jo'burg	S	7	45	Oslo	C	15	59	Venice	S	25	77
Caracas	R	25	76	Lima	C	18	64	Paris	S	21	70	Vienna	F	18	64
Casablanca	F	26	79	Lisbon	S	30	86	Peking	F	32	90	Warsaw	R	10	50
Chicago	F	18	66	London	S	25	77	Prague	F	17	63	Washington	C	23	73
Cologne	F	18	64	Los Angeles	C	18	64	Reykjavik	C	12	54	Zurich	S	19	66
Copenhagen	S	19	66	Luxembourg	S	17	63								
Corfu	S	26	79	Madrid	S	34	93								
Dallas		–	–	Majorca	S	32	90								
Dublin	S	26	79	Malaga	S	30	86								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Inflation slowdown lifts US markets

Continued from Page 1

immediately after the figures were released but then slipped to stand about $\frac{5}{16}$ higher at midsession

The dollar held towards the top end of its New York trading range at Y142.00 and DM1.9035.

The June figure means that the rate of inflation in the second quarter was 5.7 per cent annually, down from 6.1 per cent in the first quarter. The producer price index for crude and partly processed materials, released on Friday, suggests that further falls in inflation can be expected.

Analysts were especially encouraged because the figures showed the same low rate of inflation when the volatile food and energy components were eliminated. There was a sharp fall in clothing prices, reversing earlier strong rises.

Only a few categories continued to sustain the high inflation rates of earlier months. Medical care rose 0.7 per cent in the month and 7.5 per cent in the year; it accounts for 6 per cent of all personal spending.

Tobacco has been rising still more sharply, as the industry tries to sustain earnings in a rapidly shrinking market. Price rose 1.9 per cent in the month, to bring the annual increase to 14.3 per cent.

Another confirmation of the economic slowdown appeared in the figures for new building permits, published by the Department of Commerce. The issue of new permits fell by 3.5 per cent to an annual rate of 1.3m, bringing the figures for the first half of the year to 12 per cent below the annual rate in the final quarter of 1988.

Stock markets and currencies, Section II

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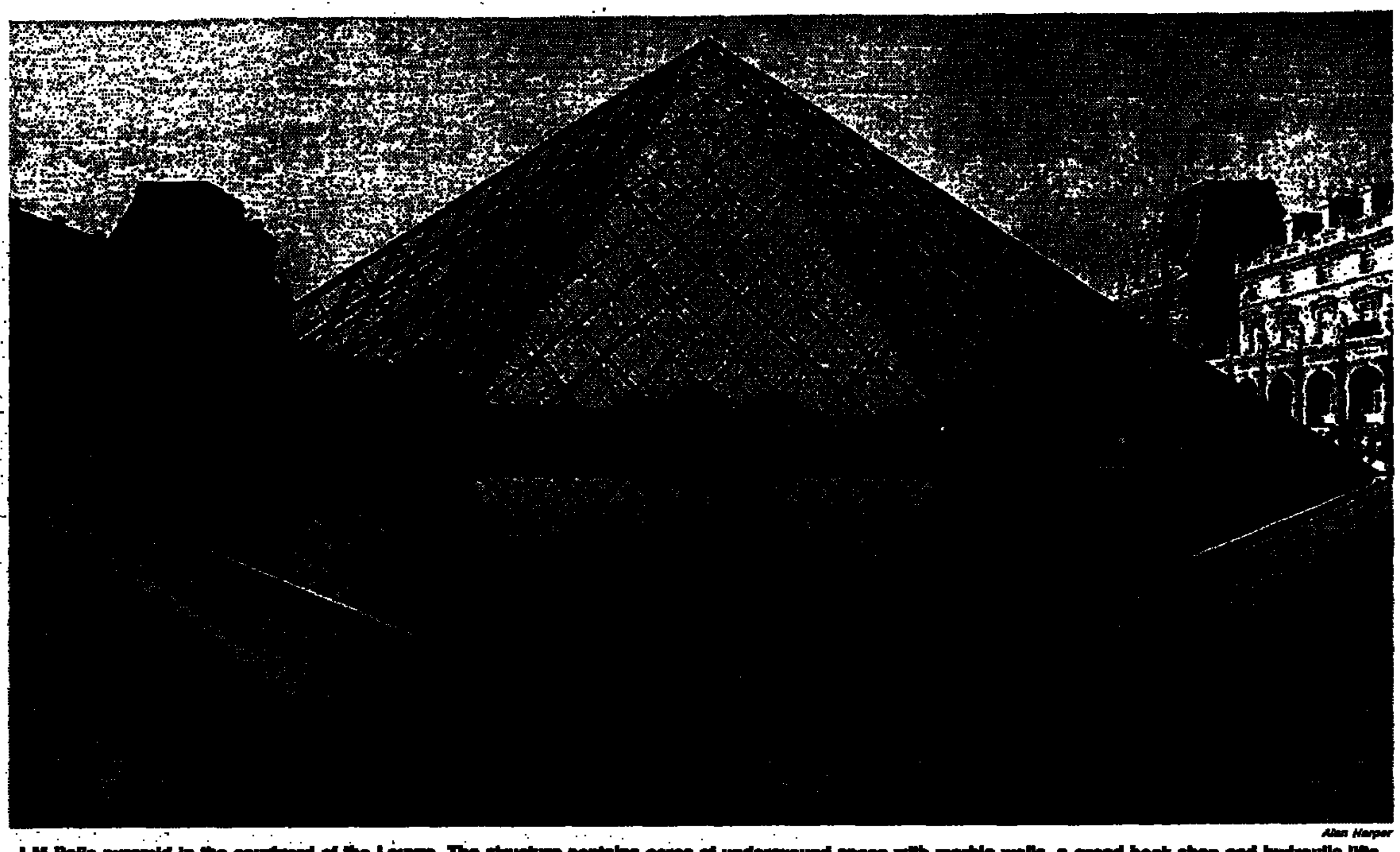
SECTION III

FINANCIAL TIMES SURVEY

Rarely have architects been the focus of such heated public discussion. Frequent Royal interventions have helped sustain the pressure for more socially responsible developments, but as **Colin Amery** writes, the results still leave much to be desired

Cash versus aesthetics



Alan Harper

I M Pei's pyramid in the courtyard of the Louvre. The structure contains acres of underground space with marble walls, a grand book shop and hydraulic lifts

ARCHITECTURE

NO ONE could possibly deny the fact that at the moment architecture is a hot subject. Public interest has grown to an amazing degree partly because of a growing interest in all things environmental and, it has to be admitted, to the high profile given to the subject by Prince Charles. His speeches and his television film seem to have touched a raw nerve with the architectural profession and evoked a sympathetic response with the majority of the general public.

His interest has recently extended way beyond polemic. As a major landowner in his Duchy of Cornwall he has begun to adopt a new approach towards development that attempts to balance the social, aesthetic and economic interests in equal measure.

The plan for the expansion of the Dorset town of Dorchester drawn up for Prince Charles by architect Mr Leon Krier is an imaginative one that has received enthusiastic public support in a comprehensive community planning exercise. Will the Prince provide an exemplar for the nation that will bridge the gap between economics and aesthetics?

Architects have quite a task ahead of them if they are to improve their public image. That they should be sufficiently worried as a profession to start 1989 with a launch of something called a "Campaign for Architecture" is in itself remarkable. It has been suggested that it is not so much the recent critical attacks that have shaken architects but the actual reorganisation of the profession itself that has caused problems of identity.

The Government's distrust and dislike of professional monopolies has forced the rather cosy world of the Royal Institute of British Architects into the market place. In the past the profession was not concerned with its public image. Architects lived their lives confined by codes and restrictive practices and, it has to be said, were not too worried what the public thought of them.

The object of the "Campaign for Architecture" is not just to improve the public's perception of the profession but also to help architects "feel good at what they do". Advertising may possibly help a beleaguered profession but it cannot do very much about quality of design. Only a well trained new generation of architects, planners and craftsmen can re-establish total respect.

The values that glorify the mechanistic rather than the spiritual or the natural have been adopted by many architects and many schools of architecture as though they represent the architectural tradition. But there are many changes afoot, not least the revival of a sense of history and through that a gradual move away from abstraction.

There is good architecture in Britain, not always the work of internationally famous and much promoted architects, but none the less important. During the current building boom there have been a few developers who actively promote the idea that "good architecture is good business".

No one can doubt the scale of the boom; it may be on a temporary slide at the moment, but it is buildings of quality that will outlive it. The problem of the past decade of expansion has been to find a way of balancing aesthetic and financial demands. Critics say that the balance has swung further towards economic success than towards environmental success.

Architects feel rather like a threatened species – under pressure from developers to build as fast as possible and to accept the new disciplines of imposed project management and design and build; from planners in spite of a government circular that urges local planning committees not to become involved in aesthetic matters; and, above all they are, as a profession, under public pressure to produce buildings that everyone will like.

There have been many opportunities for the profession to demonstrate its skills freed from some of these pressures in the areas covered by Urban Development Corporations or the new rules of Enterprise Zones. The London Docklands is a living demonstration of architectural achievement under conditions that are as ideal as any architect is likely to find. The lifting of planning regulations and the advantages of rating and tax benefits have certainly achieved their prime objective of attracting development. The consequence, however, have been to date an unholy, unplanned architectural mess.

The influential Architects' Journal – the modernist mouthpiece of the profession – agrees that we are still suffering from "transformation of our cities by massive buildings with paper-thin facades designed by foreign architects who sold out to the developers decades ago."

The public could be forgiven their horror of architects when you look at parts of Docklands and see the failure of the design professionals. Here, of all places, the architects seem to have lost their role as leaders of the building team.

The architectural evidence of Docklands is a mass of second rate buildings and only a few schemes of quality. On what has been for years the largest building site in Europe the major monument will be Canary Wharf, an out of scale and out of date tower of rent collecting offices. As a monument to the building boom the scheme is a colossal disappointment.

The Architects' Journal has few kind words to say about saving the reputation of the profession by marketing and polishing up its image. "Marketing has its own public image and it is one of superficiality, insincerity, dishonesty, vested interests – everything that the professional practice of architecture ought to stand against. It is no way to command real respect."

The only way for the profession to command respect is for architects to accept the concrete fact that they have a huge public responsibility. It is a responsibility to be shared with a public who do have an understanding of quality and who are not remotely afraid of new designs. Architects, the public and indeed Prince Charles are at one in the search for quality.

While a wide ranging public debate is to be welcomed, when it descends into an acrimonious argument between the profession and the public it becomes pointless. The argument is only about quality and there is good quality classical architecture as well as good quality vernacular and modern architecture. Polarising the architectural debate is dangerous and damaging.

Perhaps the key to a new future for architectural quality in Britain lies in a big improvement of the standards of architectural education.

Building bye-laws once gave a degree of aesthetic control but since they were superseded by the Town and Country Planning Act of 1947 planning committees have been encouraged to believe that as long as an architect was involved, design was in safe hands. To carry this amount of responsibility is alarming and must demand the highest possible standards of education.

The teaching of architecture is carried out in some 36 schools. They share no particular curricular discipline. In fact they share only a desire for a liberally based environmental education and an old fashioned belief in undisciplined self-expression.

Students suffer from an almost total lack of historical knowledge and a difficulty in understanding rules of proportion, materials as well as basic principles of construction. The long training period does not seem to equip architects for the world of business.

A key area where more eduction is clearly needed is in the relationship between architects and the construction industry. There is no doubt that there is a lack of understanding on the part of many architects of the principles of prefabrication and the opportunities it offers.

It is a curious fact that it is perfectly possible to buy a highly engineered car off-the-peg and yet impossible to buy a well designed kitchen or bathroom that can easily be fitted into an existing house. The relationship between those who design and those who carry out the work of construction is at best a remote one.

The "professionalisation" of architects has taken them further and further away from the builders. Great architects of the past knew in detail about building construction and could themselves have built a building. Even as recently as the 1940s architects like Lutyens were close to the craftsmen.

As life has become more mechanised there is all the more reason for an end to the separation of the architects from the builders. Only in a union between the makers and the designers will basic quality return to architecture at all levels and this process will have to begin in the schools.

CONTENTS

The case for a more caring approach

HRH The Prince of Wales reflects on falling standards, profits over aesthetics and an architectural malaise which may, he says, prevent us from creating buildings of real delight

THERE are encouraging signs that during the next 40 years we might be able to produce buildings which will offer a little more pleasure to our children than those we have inherited over the past 40 years.

There *does* seem to be an increasing awareness of the inherent value in creating buildings of character; buildings which do not reject the inspiration of our own, and other, architectural traditions. More important, perhaps, developers are beginning to acknowledge some of their responsibilities to the communities in which they build.

Yet despite all these potential changes for the better, there is a disturbing tendency apparent in some of our newer city centre constructions which may, if it goes unchecked, prevent us from obtaining buildings of real delight, and which in the long run may jeopardise the whole philosophy which lies behind those changes. I am referring to the *manner* in which we build the public faces of our buildings.

The trouble is that if you take a closer look at a new building which initially may catch the eye in passing, or in the pages of a book or magazine, you will often find that there is nothing on the exterior of the building to reward closer attention.

Those things you admire initially turn out to be only skin deep, and a very thin skin at that. What seemed like brickwork is in fact pasted on in panels; the stonework looks fit to crack at a touch. Everything of interest about the building can be seen at a glance; closer attention only diminishes it.

I fear that in 30 years' time our children will cower as they pass these insubstantial hulks, afraid of being struck down by pieces of falling facade, and they will point to them as an indictment of 'traditional' forms and materials in architecture.

Good builders do still exist. Mr Keith Critchlow, an imaginative architect, told me about an old builder whom he

Prince Charles: a plea for better quality

unwisely asked to select his materials from a display panel consisting of slices of various bricks mounted on board. The builder pushed them away impatiently. "What's the use o' them?" he demanded. "I can't feel the backs of 'em."

Some builders would, I fear, have been content to mount the whole display panel on a steel frame as cladding. That feeling for materials which used to characterise the builder seems to be in *danger of disappearing*.

Nowadays building is increasingly regarded as a grand management exercise, speed of construction being the *prime* objective.

This is an approach which seems to be *becoming* dominant among a certain type of developer and it is one which is having a devastating effect upon the durability of the construction of new buildings.

When builders and developers regard themselves merely as organising managers, and building itself is regarded almost *solely* as the process through which they can achieve the fastest possible financial return, quality easily gets mislaid. Surely we should be concerned with producing lasting buildings, as well as with the speed of progress on site, and how soon we can get the tenants in.

The tragedy is that developers are often happy to spend a great deal on expensive, durable materials such as stone, marble and granite, *but they regard construction* in the traditional sense with such horror that they end up with buildings that are no better in quality nor more durable than a tin shed.

Large factory-made panels of stone and brick are brought to the site and clipped on to a steel or concrete frame, the joints being sealed with mastic, a material which at best has a lifetime of between 15 and 20 years.

Just because commercial clients are demanding greater flexibility in the *interiors* of their buildings is no reason for making the *exteriors* equally dispensable.

The short-term approach is coming to be regarded as normal building practice. Funding institutions and building owners are beginning to assume that certain buildings will have a short life, and they calculate their returns accordingly. Only the more enlightened are prepared to distinguish between a building that will only require refurbishment, and one that will need rebuilding, every 20 years.

Tenants, too, are beginning to recognise the shortcomings of short-termism, and in some cases are refusing to take on full repairing leases on new buildings. The danger in all this is that a 20-year life span for buildings will become institutionalised as bankers, building owners, and their tenants protect their interests.

Developers, builders, and those in the building industry know that a significant proportion of what is being constructed today will not last, and that problems are being laid up for the next 10 or 20 years. But they see this as neither wrong nor immoral.

They blame land prices, particularly those of city centre sites such as Paternoster Square in London, where they have become so high that building costs pale into insignificance compared with the interest on the price of the land.

There is clearly an incentive to shorten development time, but I do not believe that this can be the whole reason. These kinds of pressures are the sort that developers have always had to deal with through the centuries. I believe attitudes also have something to do with it, which seem to stem from a changed approach to land ownership.

Instead of the traditional concept of ownership where land is deemed to be held in trust, the belief now is that if someone owns land, or a building, no matter *for how short a time*, then it is their right to do with it as they please, within the limits of the planning regulations, regardless of where it is and who or what may be affected, today or in the future.

The result is that buildings are becoming like cars, or any other personal goods or chattels. They become disposable, and are quickly passed on. In such circumstances the short-term approach must, I suppose, appear to be the only cost-effective one.

The saddest thing is that even landowners and funding institutions which have a long-term interest in a site are carried along by these attitudes, presumably on the advice of their professionals, and are persuaded to act against their own best interests.

Architects seem quite willing to provide buildings which appear to be 'traditional' but which otherwise conform to current building practice with all its associated ills and defects.

The danger is that by the end of the century 'traditional' architecture could become affected with all the same problems that we associate with the worst 'modern' architecture.

The answer is, perhaps, to go to the heart of the problem, and for landowners and pension funds in whose best interests it must be to apply a longer-term approach to ensure that they get real, lasting buildings from their developers and architects.

Such institutions should perhaps extend their powers of patronage beyond the superficialities of a building – those things which look good in a drawing – and extend them to the manner in which their buildings are put together. Perhaps in this way the prevailing attitudes towards building and land ownership can begin to be changed, and the balance redressed back in favour of a longer-term, more caring, approach.

'Fast track' techniques of construction are nothing new. The steel frame, imported from American practice, revolutionised building in London during the Edwardian period at the turn of the century.

Yet this was also the moment when London was transformed from a city of brick into a city of stone, and when decorative craftsmanship in both those materials was of a high order.

The Ritz Hotel on Piccadilly is just one building from that period which demonstrates the compatibility of modern technology and traditional civic values. Indeed it was the savings made in buildings like this by the use of the steel frame which enabled more money to be diverted into the public parts of the building, and which thereby contributed to the magnificence of Edwardian London.

There is a place for saving money, and in my view the public facade of a building is not the place. Certainly there are a few hairline cracks showing now in the 80-year-old facade of the Ritz, just as there are signs of strain showing in other buildings of the type from that period. But these are nothing, I suspect, to the fatigue which will overtake some of our own buildings well before their predecessors' useful life is over.

The 1989 Financial Times Architecture at Work Awards

Justice for an old town project

THE winner of the 1989 Financial Times Architecture at Work Award is the Courts of Justice in Truro, Cornwall. The architects are Mr Eldred Evans and Mr David Shalev.

There are three commendations: Princes Square Shopping Centre in Glasgow, architects Hugh Martin and Partners; Stockley Park Business Park near Heathrow Airport, architects Arup Associates and others; and The David Mellor Factory in Hathersage, West Derbyshire, architects Michael Hopkins and Partners.

The 1989 entry for the now biennial Architecture at Work Award was an impressive one. Some 70 entries were submitted and the jury visited a lengthy short list. This year's jury consisted of two architects, Mr David Allford of YRM Architects and Mr John Outram; the layman's interest was represented by Lord Gibson.

The range of entries was wide and highly representative

The growth of the retail sector had quite an impact on the competition, bringing a variety of buildings that showed a range of architectural quality

of changes in the economy and areas of growth. The business park is now an established feature and an area where there are encouraging signs of good new designs for buildings and impressive landscaping. Crown Courts, police buildings and an increasing number of health service buildings show that public sector spending does continue on quite a substantial scale.

The approach of the Property Services Agency to architectural competitions, particularly in the important field of law courts is encouraging. The roaring growth of the retail sector had quite an impact on the competition bringing a variety of buildings showing a wide range of architectural quality.

The out of town supermarket still leaves much to be desired in design terms although there are some considerable improvements. Shopping centres are now playing their part in the reinvigoration of the inner cities, the commended scheme in Glasgow is a particularly good example.

The innovation centre is a new animal and it is often built in association with the business park, particularly if there is a local university or research establishment.

There is a noticeable movement of clerical and computer activities associated with the insurance and unit trust businesses into the countryside. The growth areas are often on the edge of agreeable county towns and within the new curtilages defined by by-passes and orbital routes.

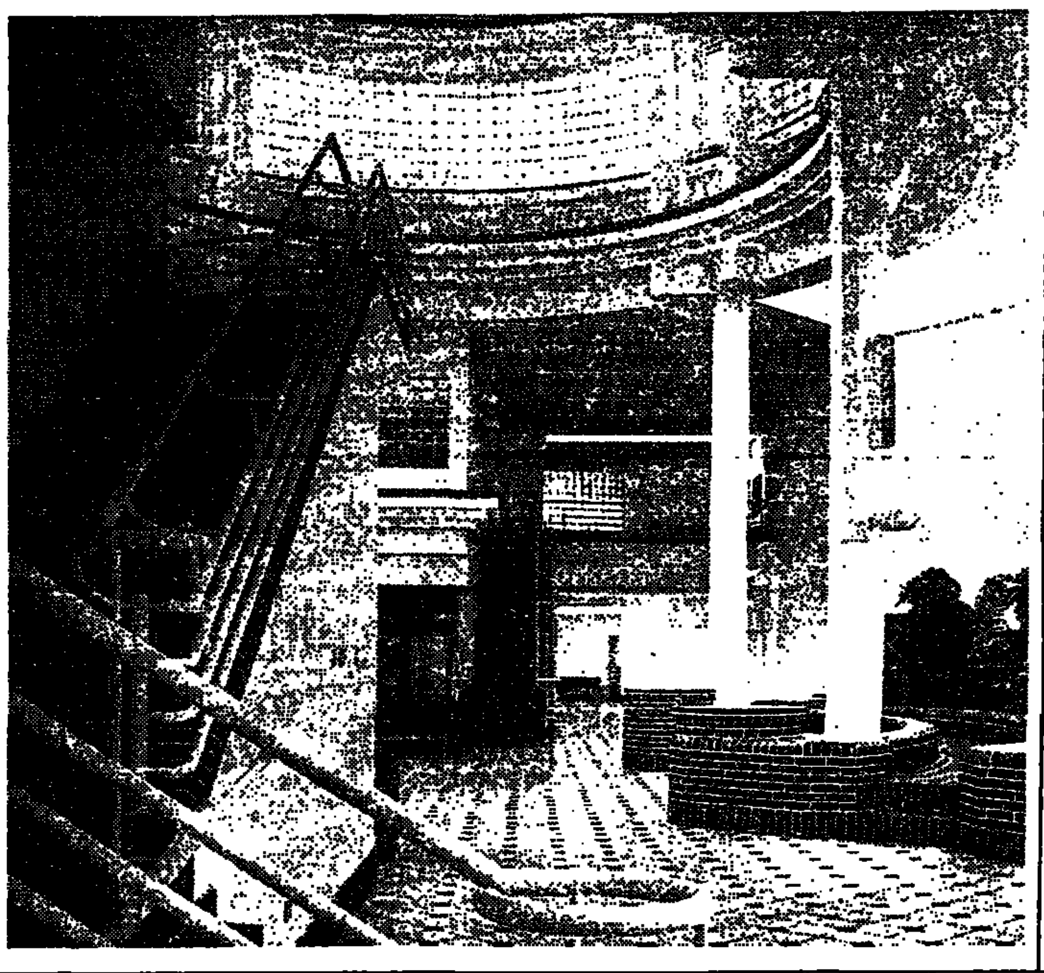
The jury of the competition considered the winner, the law courts in Truro to be outstanding. They were particularly impressed by the effect of the new building upon an old town.

It should by now be well known that the delicate fabric of old towns can be so easily damaged by the insensitive addition of out of scale new buildings. The circular form of the roof, the clear white materials and the very subtle scale of the building in relation to the surrounding houses make this an exceptionally sensitive addition to Truro.

It has an intricacy about its walled spaces and gardens that is delightful. Inside the courts themselves the architects have achieved a cool dignity which is impressive but not frightening. The Law has been well served and so has the town.

The commended schemes were all of very high quality indeed, representative of a new level of achievement by a few outstanding members of the architectural profession who have concentrated on design and not polemic.

Colin Amery



The Courts of Justice in Truro, Cornwall: a sensitive addition to an old town in an era when the fabric of towns can be so easily damaged by the addition of out of scale new buildings. Both the Law and Truro have benefited

EUROPE

Paris sets the pace

AS THE fireworks die away in Paris after the celebrations of the anniversary of the French Revolution many more substantial reminders will remain of an architectural kind.

France wears the architectural victor's crown in Europe. The decision to commission what are known as the Grands Projets in Paris was a bold one by the French Government and demonstrates a commitment to the building of important public monuments that is practically unknown in other European countries.

The new Opera de la Bastille was the setting for the opening concert of the celebrations. Designed by Carlos Ott, a French Canadian architect, it is intended to be the setting for more popular musical entertainments than those that are performed in Garnier's great Paris Opera. It is in the "white architecture" style, very square and grid-like and ingeniously occupying a difficult corner site.

Le Grande Arche at La Defense is in effect another Arc de Triomphe but this one is at the opposite end of the Champs-Elysées. This is an open cube of offices in grey and white marble designed by the late J O Von Spreckelsen. It is a powerful object on a huge scale, apparently weightless but in fact colossal.

Le Grand Louvre is famous because of the pyramid designed by I M Pei in the courtyard of the Louvre. But less well known are the acres of undergronnd space with marble walls, a grand book shop, intriguing hydraulic lifts and a superb sense of a fine detailed and well designed building.

The completion of the giant Finance Ministry in the Twelfth *arrondissement* at Bercy on the Seine, has enabled the space once occupied by the treasury civil servants in the Louvre to be returned to museum use.

The large new ministry designed by P Chemetov and B Huidobro is like a massive viaduct of white stone jutting into the river. A heliport on the roof enables ministers to land at great expense and there is a lavish ministerial apartment and ministerial offices angled to ensure a perfect view of Notre Dame.

Perhaps the most impressive achievement of the Grands Projets was the conversion of the old grand railway station of the Quai D'Orsay into the Musée d'Orsay. This new setting for a great display of 19th century art was designed by the Italian architect Gae Aulenti.

No country can replicate the quantity of buildings that France has erected to mark the bicentenary

Further east along the Seine is a new museum and cultural centre — the Institut du Monde Arabe on the Quai St Bernard. This is a remarkable piece of high-tech architecture by Jean Nouvel, the star of French high-tech design. It has a staggering wall composed of opening and closing irises, like lenses, that adjust to the intensity of the sunlight. Like some updated version of an Islamic screen it has become a site of Paris. The Parc de la Villette is open space filled with futuristic sculptures as a prelude to the large Science Centre.

All aspects of culture have been considered to commemorate the Revolution and all of them have resulted in important new buildings. Paris is the capital of Europe this year and in architectural terms looks likely to retain its pre-eminence for a considerable time to come.

While no other country can hope to replicate the enormous quantity of public buildings that France has erected to mark its revolutionary anniversary, there are notable achievements in other parts of Europe.

Spain is likely to be the next focus of architectural attention, particularly Barcelona as the home of the next Olympic Games. The Amin Stadium is to be designed by the distinguished Japanese architect Arata Isosaki. His brilliant construction will unite the design skills of East and West. There will be many projects in Barcelona and there seems to be an architectural renaissance in Spain that parallels its political growth as a democracy.

West Germany, recently in the forefront in the building of museums and regional opera houses has opened an opera house that is a monument to a great old master of modernism. Alvar Aalto designed an opera house for Essen some 30 years ago. The entirely posthumous design was built from 1983 to 1988 although in spirit it predates the more famous Finlandia Hall in Helsinki.

It is highly unusual to build the work of deceased architects, however distinguished, but West German critics are full of praise for the quality of the construction.

In Stuttgart, stands one of the most popular of the country's new museums. The Staatsgalerie was designed by the British architect James Stirling and it remains one of the most intriguing and original contemporary buildings in Europe.

The opening up of European markets in 1992 is bound to increase the demand for more advanced infrastructure and for more new buildings. The talent is there and it is European.

Colin Amery

Michael Marray finds the Hong Kong skyline is one that people love to hate

Receptive mood for bold designs

WHEN Mr Norman Foster's headquarters for the Hongkong and Shanghai Bank had its grand opening in 1986 it established itself as the building people in Hong Kong either love or hate, a high-tech extravaganza standing out on a skyline made up of rather conservative concrete and glass boxes of the international style.

But love it or hate it the Hongkong Bank can be credited with having stirred up public interest in architecture locally, and more important made the developers more receptive to new ideas in design. Local architects, busy in the midst of the construction boom, are pushing through designs which only a few years ago would almost certainly have been left on the drawing board.

"There has been a tendency not to indulge in architecture, but to build," said Mr Anthony Hackett, who originally went to the British colony to work on the Hongkong Bank project, but stayed on to found Hackett and Griffiths with his partner Mr Keith Griffiths.

Mr Hackett believes local architecture is in a period of transition, with clients becoming aware that good design and sound business sense can go hand in hand, as end users demand higher quality buildings and show a willingness to pay a premium for a famous address.

This point is underlined by Mr Brian Courtenay, a director of Palmer and Turner, which has been active in Hong Kong for well over a century, and in the 1920s designed the Hongkong and Shanghai Bank building in Shanghai, still a landmark on the famous bund waterfront.

Mr Courtenay said that until five or so years ago developers were highly conservative and adopted a "get it up and rent it out quick" attitude.

"Now they are realising that the image of a building is a great selling factor," he said. Palmer and Turner designed Hong Kong Land's Exchange Square complex, which with the bank ushered in a new generation of buildings in Hong Kong, and has become the most sought after address in the colony's financial district.

A 10 minute walk away is the Bond Centre, designed by American architect Mr Paul Rudolph. It has quickly established itself as one of the best known buildings in Hong Kong.

Hong Kong clients are becoming aware that good design and sound business sense can go hand in hand

The latest landmark for the territory is the Bank of China building, designed by Canton-born I M Pei, which soars skywards in geometric sections, and is the sixth tallest building in the world.

All these examples are modern in style, with high-tech influences, and although rather late, a post-modernist influence is now to be seen locally.

"Unfortunately Hong Kong is always following in other people's footsteps," said Mr Rocco Yim, founder of Rocco Design Partners. He argues Hong Kong is now emerging with designs which are "half-baked post modern," and many years behind Europe and the US.

"I don't think we yet have a Hong Kong style," Mr Yim said. Instead, the character of local buildings was determined by the need to build in confined spaces, squeezing the maximum useable space for the client within the planning regulations. Construction costs are often only athird of the cost of the landitself.

Within Asia Mr Yim sees only Japan as having succeeded in asserting itself with its own style, combining its traditional obsession with good design with its new found economic power to create powerful architecture.

Elsewhere in the region many rather faceless office blocks are to be found in most business districts, generally reflecting the conservative tastes of the big corporate, and often multi-national, clients.

Local cultural influences are beginning to assert themselves in cities such as Taipei and Bangkok, but Mr Yim sees little evidence of any individual style emerging. None the less he is encouraged by the fact that developers, many of whom still turn up armed with a magazine and point to what they want as if choosing from a catalogue, are becoming more receptive to ideas put forward by their architects.

Plans by Palmer and Turner for buildings in Taiwan, Hong Kong and nearby Macao exhibit a move away from the curtain walled box towards post modernism, such as the extension to the Macao Hyatt Hotel, with its pitched roofs, pediments and turrets.

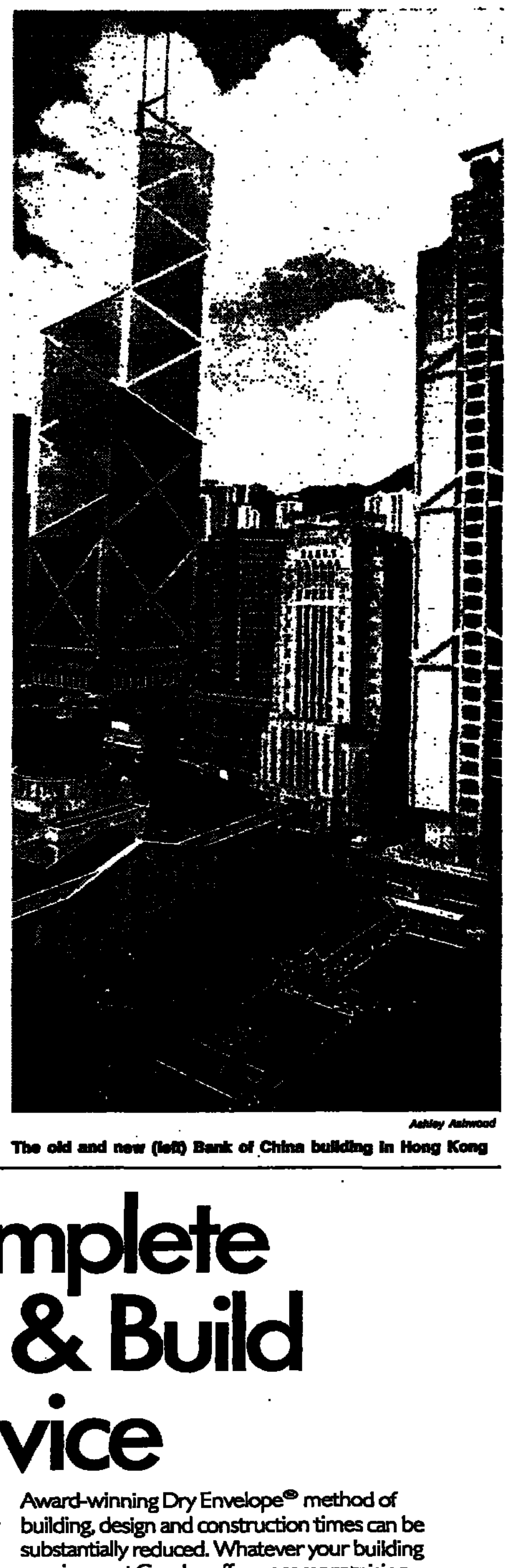
Two of Hong Kong's most aggressive entrepreneurs, Mr Thomas Lau and Mr Joseph Lau, have commissioned Hackett and Griffiths to build a 30-storey office and retail tower which Mr Hackett describes as "an extension of the art deco language," paying homage to the early skyscrapers of North America.

Hong Kong Land, the colony's biggest landlord, has joined in with a design by a large local practice, Wong Tung and Partners, for a complex at Ice House Street in central Hong Kong which includes many classical features such as a pyramid shaped roof and decorated arched entrances.

Local architects expect modern, high-tech and post modern styles to proceed together in Hong Kong, bound only by the common constraint that the only way is up as land prices continue to soar and space runs out. Several buildings are on the way which will be taller than the Bank of China.

Internationally, the endless debate over styles and movements will continue, with precise labels pinned on each and every new building.

However architects in Asia have a golden opportunity to translate new ideas from the drawing boards into reality, in the midst of a construction boom reflecting the new found wealth and confidence of the region.



Ashley Ashwood

The old and new (left) Bank of China building in Hong Kong

UNITED STATES

Flamboyant mood wanes

AMERICAN architecture has entered a period of transition. The wave of flamboyant and expensive buildings which followed decades of unadorned glass boxes is now ebbing as the US economy starts to soften and the enthusiasm for these ornamental structures begins to wane.

There seems to be a trend towards variety. The so-called post-modern buildings, with their historic references, are becoming more refined at the same time as glass buildings regain some of their lost popularity.

According to Mr John Burgee, a partner at John Burgee Architects, the post-modern movement has forced architects to return to the basics of what makes good architecture. This includes proportion, clarity of use and the harmony of the whole. "People are becoming more individualistic where before all companies wanted to look like IBM," he said.

According to Mr Tony Lumsden, vice-president and principal for design at Daniel, Mann, Johnson & Mendenhall in Los Angeles, one of the most beneficial aspects of post-modern architecture is that it has moved away from the bland buildings considered to be the epitome of good taste.

However, he added that many post-modern buildings are not very good interpretations of the great buildings of the past.

"The old buildings have very strong geometry. This can be done in a modern way and with new technologies but you must know the fundamental way forms and patterns respond to light. Nature is consistent in scale and order. The scale of our cities is wrong. Look at Williamsburg or Florence. You need some structure for a sane life.

"There is hardly any modern architecture people would travel to see in the way they would travel to Venice."

Mr Michael Rotondi, a principal at the more avant-garde company Morphosis, believes that the growing popularity of the Los Angeles-based company lies in the fact that clients are increasingly willing to invest in the unique.

"We are always looking at the possibility of saying something that hasn't been said before, of pushing the state of the art to its limits," he says.

In spite of the experimental nature of some of Morphosis's buildings, Mr Rotondi believes that artistic freedom and responsibility to the community are not mutually exclusive. However, he stressed the need to exercise the myth of the architect as artist and hero, confronting society.

There seems to be a trend towards variety as so-called post-modern buildings become more refined

A sign of the changing times is seen in the reaction to New York's AT&T building, which was completed in 1984. According to Mr Burgee, whose company designed the building, initially it was "such a deviation it was seen as depraved. We even had hate mail. Now it's seen as too tame and we're often asked why we didn't do something stronger."

However, Mr Eugene Kohn, a partner at Kohn Pederson Fox (the New York company which is working on London's Goldman Sachs headquarters in the former Daily Telegraph building in Fleet Street) said the shape of US architecture in the next decade would be determined by economic and social considerations, rather than artistic.

"In the glory days of the early 1980s, occupying an expensive and beautiful building became part of the corporate ego. Developers were happy to invest in these costlier structures, believing they would attract better tenants paying higher rents. However, according to Mr Kohn, the new buildings of the post-crash age will have to be less detailed in order to be affordable.

Indeed, an important emerging theme in US architecture is the social responsibility of architects. According to Mr Kohn, social problems are going to be more troublesome than a weakening in the economy to US architects in the coming years.

As the number of homeless people in US cities grows, corporations will shy away from building plazas and atriums, which often become homes to the itinerant. "We must solve the problem of homelessness or a fear mentality will set in, leading to fortress cities and a mass exodus with building assets eventually becoming liabilities," he said.

Local community groups have been extremely successful in putting pressure on developers and architects to produce better buildings.

"We now have more than one client — the city planning department, local citizens and the regular client. Unfortunately they do not necessarily work together," said Mr Burgee.

An example of the clout of some local community groups is seen in the planning of a skyscraper at New York's Columbus Circle on the corner of Central Park.

The original plans, put forward in 1985, have been modified and the proposed building now includes such community amenities as 4,000 sq ft of public space in the skyscraper for community uses.

Karen Zagor

Peter Bill on the options facing developers for speedy completion

Costly 'fast track' tickets

THERE are almost as many routes to "fast track" a building project as there are platforms at Waterloo station. But which gate does the nervous developer choose? At each is a different consultant offering a tour to the nirvana of an "on-time, on-budget" building.

The choice is further complicated by the growing feeling that the price of a fast track ticket can he very high. Namely, that those who have the time for the slower, more traditional route will end up with a cheaper and more enjoyable ride.

But for those determined by outside factors to stick with inter-city there is good news. An influential document, not yet published, by Reading University's Department of Construction Management concludes that the number of routes to speedy completion should be cut.

Ten years ago it was simple. The client appointed an architect who marshalled the other consultants. The building was designed in detail. Then the architect selected a builder and supervised the work. Its contradictions – the design was rarely completed and the client always changed his mind – meant that the method has all but died on projects over £5m.

The now debased word "fast track" simply means overlapping design and construction. But it is also a code which allows the client to break up all the old traditional relationships. Now the architect's position of power can be occupied by almost anyone else.

If cost is of overriding importance the quantity surveyor can be put in charge. If it is speed that counts, then it might be one of the new breed of construction managers. Or if the project is highly complex, a big contractor might well be appointed as a lead consultant.

Beneath the team leader, the various consultants and their responsibilities and relationships can be interchanged in an almost infinite number of ways.

But in whatever order the consultants' carriages are linked, there are still only two out of the many fast track arrangements worth considering: construction management and management contracting.

The former means much greater involvement for the client. The construction manager is only an adviser, taking a place alongside – and perhaps supervising – the other consultants. There is no "builder" as such. Organised by the construction manager, the work is carried out by trade contractors – one for the foundations, another for the frame, another for the curtain walling and so on.

Management contracting still allows the client to shunt his consultants into the required order. The work is still done by a series of trade contractors. But this time there is a builder on site – the management contractor. Not that they actually build. The management contractor's role is to act as a cut out between client and trade contractor – to hire, pay and occasionally fire the specialists.

Either method costs more than the old way, according to two leading firms of quantity surveyors. "We would tentatively put this premium at something between 5 per cent and 10 per cent," says Mr Paul Morrell, a partner with Davis Langdon & Everest.

He says this is because there is no competitive pressure on whoever is managing the job to control their own costs, and that trade contractors reluctant to work for a builder representing "the other side" hike up their prices to cover increased risk. On top of this, the helter-skelter pace erodes productivity and increases abortive costs.

Mr Martin Thorp, head of research at quantity surveyors Gardiner & Theobald, says there is another hidden cost.

Direct contact between the client and the trade contractors is vital, says an *influential study*

Trade contractors for major packages (such as the structure) add into their tenders supervision and fixed costs that the management contractor should have included.

"So for a proportion of the project at least we are seeing the 'double preliminaries' syndrome." This means the client might well be paying twice for site supervision and other facilities such as huts and catering, Mr Thorp says.

He calculates that on a £50m project the bricks and mortar cost between 70 and 75 per cent of the total. The remaining £12.5m to £15m are the more insubstantial costs. Half go towards paying for the site organisation. The other £6m to £7m goes in consultants' fees.

So if Mr Morrell is correct, it could cost an extra £5m on this imaginary £50m contract for the fast track ride. Assume that the bricks and mortar cost the same, whichever way the job is organised, say £35m. That means the fast track overheads, at £15m, are at least £5m – or 33 per cent higher than under the traditional method.

That is perhaps why some of the leading exponents are now concentrating on improving performance in the design and supervision of projects.

Mr John Spanswick, director of Bovis says: "We are probably getting down to the limits of improving on-site performance – we are now limited by the designers' ability to do their job. The real pressure now is to produce design information to a cost and on time."

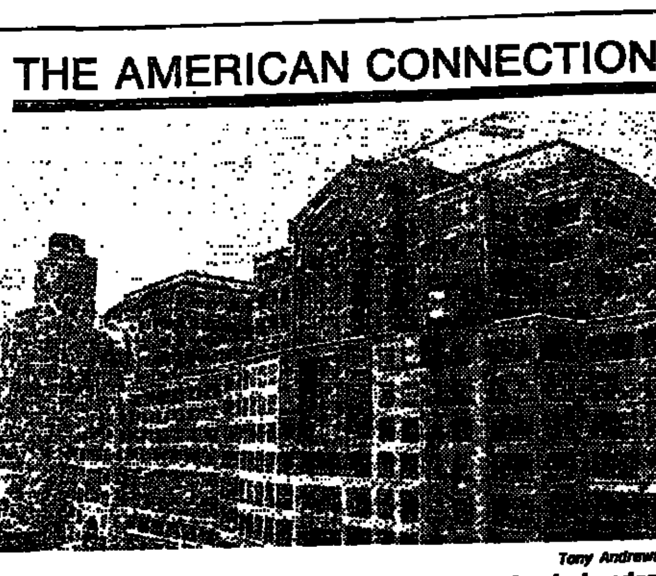
Last month a seminar in London attended by a group of high level industry figures concluded that construction management was here to stay – and that it should be the preferred method of fast track building.

A blueprint that enshrines construction management and delineates the relationships between all parties was presented at the seminar, which was organised by Reading University.

Direct contact between the client and the trade contractors is vital, is the conclusion of the university's study. In other words, if the building is going to be done by groups of specialist companies rather than by the builder they had better be involved directly in the design. That means construction management, which, the university states, "contains no greater risks for the client".

If the report's recommendations are widely accepted it will mean an end to the current multi-track confusion. There will still be the argument about the price of fast track, but at least there will be the comfort of knowing that someone has worked out the best route.

THE AMERICAN CONNECTION



Tony Andrews

US link: the American designed Broadgate complex in London

US designers capture the plum projects

SOME architects find it galling that the UK's development boom has been accompanied by a stream of American practices looking for work in Britain. It's hardly fair, they say, that the commercially-minded incomers should attract so many of the plum projects in London with their slick corporate-style designs.

But there is rather more to it than that. In recent years the building process for many of the largest projects has changed dramatically, as have some of the clients and their expectations. The impact of the American architects has been largely due to the way in which they have understood these changes and tailored the services to the new world of building.

Major clients these days do not just look for an architect whose designing style they like. What they want is a company that can match the company's needs to the building process with an efficiency that will deliver the right product at the lowest cost and in the shortest time. That may be a matter, not just of providing a suitable building, but of analysing how the company operates and looking for ways of improving it.

Many such clients are American or multi-national corporations, and they find that American architects are on the same wavelength.

The architects understand the ways of business, they are happier wrestling with problems of development finance than posing as artists, and they are used to designers being just one part of a multi-discipline professional team. They assure their clients that the building will contribute to presenting the corporate image and that no rigid aesthetic demands will take precedence over functional criteria.

The first American practice to set up an office in London was Heery, 10 years ago. At first it concentrated on project management, and its early clients were American or multi-national corporations and banks. Now it provides multi-disciplinary services to major UK developers.

Skidmore, Owings and Merrill (SOM), the US's largest architectural practice, is also well-established in London. Its projects include the Broadgate development and, as master-planner, Canary Wharf. SOM was originally on track to be master-planner at the giant Kings Cross goods yard development as well, until it was outmanoeuvred by the home-grown (Norman) Foster Associates.

Architects at Canary Wharf include the American Mr Cesar Pelli. Among his credentials is his experience of designing similar huge office towers in the US, including four at the World Financial Centre in New York for Canary Wharf developer Olympia and York.

Several prospective developers of leading London sites have hired star American architects. Mr Philip Johnson and Mr John Burgee designed a scheme for the second phase of London Bridge that some critics were quick to damn as a cynical American attempt to disguise an office development as the Palace of Westminster. It now faces competition from two alternative schemes for the same site, of which UK architect Mr John Simpson's classical evocation of Venice's Piazza San Marco seems currently to be in critical favour as the most suitable scene to be viewed from the Tower of London.

Upstream at Vauxhall Bridge, Mr I M Pei, best known for his pyramid at the Louvre in Paris, has designed his first UK project: the proposed £500m Thamesgate development.

Mr Robert Venturi and his practice Venturi, Rauch and Scott Brown were given the job of designing the extension to the National Gallery in Trafalgar Square after the Prince of Wales' "carbuncle" intervention had sunk the previously selected design by a British company of architects. Unlike the big American newcomers, Mr Venturi's attraction was not a commercial bent, but his experience of museum design and his skill as a designer.

The American architectural invasion has come as a shock to the British profession, which might have expected to have been protected by its own superior knowledge of planning procedures and building regulations. But the Americans have bought in whatever local expertise they need.

Mr Venturi runs the National Gallery project from his office in Philadelphia. With British architects Sheppard Robson responsible for day-to-day matters in London as the building progresses, there is no need for him to make more than occasional site visits.

Both Mr I M Pei at Vauxhall Bridge and Mr Johnson and Mr Burgee at London Bridge City use the British practice D Y Davies Associates as associate architect. The American practice Tribble Harris Li gave weight to its own assault on the market by buying a leading British company of architects, Covell Matthews Wheatley.

American architects are currently under the spotlight at the Spitalfields Market site in London, where the Spitalfields Development Group (SDG) has brought in US architects Swanke Hayden Connell Associates to design a redevelopment scheme. The SDG already had a team of five well-respected British practices working on the project, led by Mr Richard MacCormac as master-planner and urban designer.

The SDG had hoped that the British and Americans would work side by side, but all the British architects have withdrawn on the grounds that they are being denied a role in which they could ensure a high quality of design. Swanke Hayden Connell now have to show that substituting American architects need not mean sacrificing architectural quality on the altar of commerce.

Robert Cowan

THE CHANGING PROFESSION

Problems of identity

THE most important change to have affected the architectural profession in recent years is the perception of the architect, by his peers and by his clients.

It was traditional to see the architect as the professional artist/leader of the building team. He represented architecture as the mother of the arts. Very few architects suit this elevated view of themselves and very few have the talent to live up to it.

There are such powerful forces lined up against this view of architects that the profession is forced, however reluctantly, to reconsider its view of itself.

The building team is such a complicated beast that architects are going to have to offer more specialised services. Architects should be involved in the earliest possible formulation of the brief. Clients need a great deal of guidance at this stage. It is often mishandled by the largest organisations and architects have often failed to grasp the nettle of the brief early enough.

The formulation of a brief is only the beginning. Its development depends upon the architect's sensitive involvement throughout the project. Construction management, facilities management are both specialised fields that would benefit from the involvement of architects at an early stage.

The advent of the European Single Market after 1992 is an unparalleled opportunity for Britain's 25,000 architects – but they will have to specialise and offer particular expertise in all fields of building design.

More than one third of practices now offer property development services. Changes in the Codes of Practice have made it possible for architects to diversify and so it is natural that some 35 per cent of the profession have become developers. More than 45 per cent offer a full interior design service. It is now possible to have offices planned or space needs analysed by some 30 per cent of practices. And it is also possible to find a surveyor in an architectural practice.

The tendency for the profession now is towards larger practices that incorporate many diverse disciplines. There are 5,300 practices with the growth highest in Scotland, followed by the south-east. In 1984 a census showed that some 50 per cent of all practices were one or two person offices. Today the figure is about 40 per cent and there are some 80 companies employing more than 50 qualified architectural staff.

In the larger practices, and this represents an enormous change, specialist staff are now dealing with urban planning, energy saving surveys, conservation, property management, landscaping, interior design and space planning, construction management and surveying. It is no longer enough just to be an architect.

One area of great concern to the profession is the question of legal liability. Court decisions confirming the liability of partners and even family members of architects have led to large increases in insurance premiums and the spread of limited liability companies.

Accompanying this desire for cover to indemnify a practice against liability losses is an increasing concern about the need to ensure "quality of design". This is a subject that raises difficulties among professionals. Quality Assurance (QA) is the subject of a Royal Institute of British Architects (RIBA) Indemnity Research Group which is urging a co-ordinated approach to QA. RIBA proposes a common assessment schedule for the three QA certification groups – Lloyd's, BSI, and Yarsley.

This common route will ensure that the quality "kitemark" will be available for architectural practices.

Looking ahead the research group sees the architects in the future working under a tripartite system of guarantees for the client.

Architects in the 1990s may well have to adopt compulsory QA, work under a Code of Practice and undergo compulsory professional development. It is difficult to settle on a standard that assesses the quality of architectural design work and architectural services. Whether the RIBA itself should be the body to act as an honest broker for practices seeking certification of quality is itself open to question.

One other area of big change is the decision of some practices to become public companies quoted on the stock market. Over the past three years six of the UK largest practices have initiated such moves.

Market analysts do not see the architectural sector as fully consolidated yet and predict the ultimate establishment of some 10 or so "super design companies" that will be listed and provide the fullest possible range of architectural and design services.

This looks a likely future scenario for the leaders of the profession but it is one that is so far removed from internal RIBA squabbles and from the current state of architectural education that it represents a significant "growing up" process for a profession that has to decide how to balance creativity and business acumen.

Colin Amery

Gillian Darley on building for the new property-owning democracy

Dismal decade for housing

THE Thatcher decade has not been a happy one for housing. It would be improper to discuss the architectural form of the housing currently being built without decrying the situation in which those in greatest need are being ignored in pursuit of a dogmatic policy which agencies involved in housing unanimously condemn.

The 1988 Housing Act has done nothing to improve matters — far from it. The local authority house-building programme has virtually ground to a halt, apart from a trickle of "special needs" accommodation. Now the burden, the worries of making ends meet as well as the responsibility of producing decently designed housing, has passed to the housing associations. What kind of job are they doing at a time when they are being pressured into finding finance in the market-place, often for projects which are in no way financially remunerative?

Those in greatest need are being ignored in pursuit of a dogmatic policy which agencies involved in housing condemn

Some housing associations employ architects' departments of their own but the general pattern is to use larger practices with a particular, well-developed expertise in the field. Often they are in very capable hands. As, latterly, local authorities' architects departments have acquired skill in manipulating internal spaces to different end results or varying the external detailing, so, too, have their housing association successors.

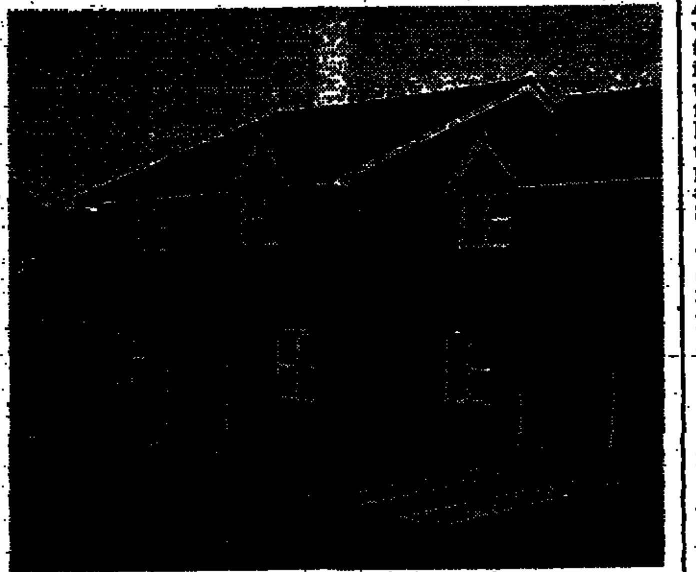
A large new-build scheme which exemplifies this is the old Liverpool Road Hospital site in Islington. Here, two housing associations, Circle 33 and New Islington and Hackney, have joined forces, employing architects Levitt Bernstein and Pollard Thomas Edwards — both old hands in housing association work.

On a site large enough to allow for an interesting plan, focused on a central courtyard garden square and with the landmark of the principal block of the old hospital retained on site, it is a solution which complements the surrounding urban pattern of Islington, the existing network of 19th century squares.

Elsewhere, housing associations are building on small infill sites — carrying out a worthwhile obligation to feed housing back into the city in a more intimate and manageable form than in the past.

Beyond the confines of housing provided at least in part by Housing Corporation funds, things become less certain in architectural terms. Private house-building is a "market-led industry" and developers are fond of hiding behind the skirts of the house-buyer. The phrase "it's what the public wants" is used to cover a multitude of sins. By building cheap they all too often produce cheap looking results — often so poorly detailed that it seems unlikely that they will be easily resaleable.

The old days of Parker Morris space standards are gone, and are being increasingly lamented. It was surely naive to think that without guidelines, or any kind of regulation, many builders would bother to rise above a lowest common denominator. With houses crammed together, and rooms too small to swing a hamster, many estates are being designed with a cynical disregard for privacy and decent living space.



Private house-building is a "market-led industry". The phrase "it's what the public wants" is used to cover a multitude of sins

Up a degree or two, or a few tens of thousand pounds, are the more desirable new estates in which the customer is served what he or she asks for. Since customers tend to ask for what they know is available there is precious little architectural interest to be found on the new estates, whether they are village extensions in East Anglia or dockland infill sites.

There is an outbreak of neo-classicism and in a salubrious area of London such as Chiswick incongruous crescents and terraces have appeared amid the comfortable Edwardian villas. If there is one feature which seems to draw the buyer, it is a bit of trim; now that cars no longer are streamlined with chrome, attention has turned to the house, where there must either be a touch of timber framing on the gables or else some fancy brickwork. It is not so far from the preferred domestic design of the 1930s — Osbert Lancaster's Bypass Modern — updated to accommodate the two-car and four-bedroom family.

To meet good architectural design in the housing marketplace is always a moment for celebration. It can be found, here and there, in Milton Keynes, even more scarcely in Docklands — as, for example, in Mr Ian Ritchie's Roy Square in Wapping — and there are a few promising schemes on the drawing-board. Some of them are "new villages" in which the overall plan and a unified design are part of the selling package.

The most talked about is the scheme on the Duchy of Cornwall estate at Dorchester, in which the architectural choices bear the imprimatur of the Prince of Wales, or at least his architectural advisers. Mr Leon Krier, a planning and architectural theorist with very few buildings standing to his name, is in charge. But the scheme has still to confront the exigencies of highway bye-laws and the rest.

Self-build or co-operative ventures, even the best known such as Coin Street, Waterloo, or the Eldonian Co-operative in Liverpool, are rarely architecturally imaginative. Cottage estates in inner city sites they are scarcely adapted to the realities of their locations; if one compares such examples with their continental counterparts, such as the new housing of the IBA in Berlin — every bit as humane, attractive and responsive to residents' needs — the conventions seem to stand in the way of any fresh approach.

Financial institutions will rarely lend to anything that is not safely conventional in design terms. Between the popular taste for the predictable and "traditional" and the government induced free for all, without standards or a guiding policy, housing in this country is in a pretty sorry state.

CASE STUDY: MILTON KEYNES

A mirror of the times

ALL EYES are on Dorchester, where the Prince of Wales and the Duchy of Cornwall are hoping to set new standards for urban development. The town's proposed extension has been planned with such matters in mind as the distance a person can walk in 10 minutes and the population of medieval Siena.

In 1969 the planners of Milton Keynes had very different concerns. Their thoughts were not on how to recreate the character of York or the sociability of rural Ambridge, but how to design a new sort of city for the age of the car and the telephone.

Milton Keynes pays the price of looking unlike most people's idea of a city. Comedians revile it, and others — some of whom have neither been there nor know where it is — hold it in contempt. To be building a city based on the suburban, car-borne lifestyle that so many people choose is taken as an affront. "Auschwitz, Nuremburg and Milton Keynes," declared Mr Leon Krier, now planner to the Prince of Wales at Dorchester, "are all children of the same parents."

Despite unprecedented pressure from the building industry to allow new towns to be built in the south-east, the Government has decided that official new towns such as Milton Keynes are part of the unacceptable face of public enterprise. The development corporation which created the city is to be wound up prematurely in 1992, and future expansion will be in the hands of the private sector.

Sensing an uncertain future, local residents have formed the Milton Keynes Forum to campaign to make the city a better place in which to live and work. "We consider that the objectives of the Master Plan for Milton Keynes are as relevant today as they were in 1967," the Forum says. How many planners of the late 1960s get that sort of accolade nowadays? But the Forum continues: "Milton Keynes is at a turning point. There is a danger that many of its qualities which we hold dear are at risk."

The Forum points to the shortage of low-cost housing, the need for more social, recreational and cultural facilities, and — a familiar refrain in this car city — the need for better public transport.

Development pressures, the Forum claims, are making it increasingly difficult to create a balanced community. And it fears that the development corporation's rush to commit a large amount of expansion before it is wound up will threaten the city's reputation for quality and innovation.

Two years ago many of the development corporation's architects and planners floated off into a specially formed company, Planning Design and Development (PDD). The company provides planning services to the development corporation on contract, but it has to compete with other practices for architectural jobs, and it also works for other clients.

The competition is tough, but at least the staff know that their jobs are likely to outlast the development corporation. PDD offers the chance for the development corporation to — in a favourite phrase — "keep the momentum going till we hit the buffers," without having to worry about whether the necessary professionals will still be available at the end of the line.

Film-makers chose the Central Business Exchange in the rapidly growing Central Milton Keynes as the location for filming Superman 4. The building's architects, formerly with the development corporation and now with PDD, took it as a compliment. They watched as the cleaning gantries were used to film flying scenes in the atrium, and as backdrops were installed to add some futuristic touches to the scene.

The Government has decided that new towns are part of the unacceptable face of public enterprise; the corporation which created Milton Keynes is to be wound up

The architects have been less amused by subsequent additions to the food court in the winter gardens of this coyly modernist complex. The groups which have taken the various food outlets have been determined to impose their own architectural sense, sticking on such features as tiles and classical columns.

"They could have adapted it sympathetically," one of PDD's architects mourned, "but they've just thrown things in with no style or reference to the structure. Modern design is less forgiving than traditional brick and tile, and adapting it needs more care."

The Food Centre, another new project designed by the development corporation and PDD, also shows how much the success of a building can depend on the occupant's response. Waitrose and Sainsbury both have large supermarkets there. Waitrose exploited the quality of the elegant, arcaded building by imaginatively creating a pleasant place to shop. Sainsbury turned a similar space into a dull, standard box.

Work is due to start soon on what will be the tallest building in Central Milton Keynes, the ecumenical city church. PDD's design shows a modern building with a dome that will be, the architects say, "recognisable as a church".

Architects in Milton Keynes have produced an enormous variety of solutions in their attempts to find appropriate forms for a new city of the 20th century. The next test is whether the development industry is capable of maintaining the quality in the rush to get sites committed before the demise of the development corporation.

As ever, Milton Keynes is a mirror of the age. Future historians will no doubt ponder the social significance of the new estate at Shenley Church End by Bovis Country Homes, where large thatched half-timbered houses and brick mansions are clustered in a strange parody of a traditional village.

And in the adjacent neighbourhood of Crownhill, the residents of new housing association homes will wonder whatever possessed the development corporation to name the streets near the crematorium after dead rock stars.

Robert Cowan

Milton Keynes city centre has attracted its share of criticism

MUSEUM BUILDINGS

Prize exhibits

EVERY age has its building type but the mid-to-late 20th century has made the museum its own. Around the world the desire to display the artefacts of the past and the icons of the present has been a driving force. It has had repercussions both upon contemporary architecture and on attitudes to the conversion and re-use of existing buildings.

The successful city has confident, exciting museums; its antithesis has dusty, unhappy mausolea. It would be invidious to list the latter but think, for example, of three positive examples – Paris, Frankfurt and Glasgow.

For anyone who has not visited Paris within the past three years or so, the range of new museums and improvements to the old ones is immensely impressive – the outward and visible signs of a proud city authority, spending public money where necessary and recouping it in tourism, public relations and many other areas.

There is the Gare d'Orsay – a railway station turned into a splendid showcase for the 19th century arts, especially the more neglected aspects. There is the Musee Picasso, housed in an hotel in the Marais, an intricate and successful conversion. There is the new Louvre courtyard, crowned by I M Pei's pyramid and landscaped in immaculate fashion. For the recent bicentenary celebrations of the French Revolution, the Musee Carnavelet had been comprehensively remodelled.

In Frankfurt the museums are envisaged as a linked cultural circuit. Both new and converted premises house a range of exemplary displays.

In Glasgow the Burrell Collection has been a central plank in the revival of the city and has contributed to the designation of the city as a European cultural centre.

Museums are political statements. The decision to establish the Tate in north-west England was not a decision taken on aesthetic or practical grounds but almost entirely on the grounds of drawing a different kind of attention to that benighted city, Liverpool. It also gave a future to one of the Jesse Hartley warehouses at the Albert Docks.

It is no accident that the names of a number of distinguished American architects crop up in these European examples – for it was in America that the museum explosion began, back in the 1960s. A state such as Texas started from scratch and from the Kimbell Museum in Fort Worth onwards (the work of the most masterly of all gallery designers, the late Louis Kahn) it gave every city a museum (or two).

Things are quieter in the US now; the New York museums have been busier developing their commercial potential, whether in the shape of air rights or shops which are closer to department stores, than in increasing their square footage.

It is ironic that the architectural solution to a museum devoted to the subject of architecture itself has proved the knottiest problem of all

Nevertheless, both the Guggenheim Museum and the Whitney in New York are proposing extensions. In the former case a spirited campaign against tampering with Frank Lloyd Wright's idiosyncratic design has been mounted.

The leading current building project in the US museum world is the Getty Collection in Malibu where Mr Richard Meier is designing a complex of buildings in the form of pavilions scattered over the site, rather than as a single, monolithic structure.

There are always more prized commissions to be won for museums. A new Acropolis Museum is being considered in Athens, with the first stages organised as an international ideas competition. A short list will then be asked to prepare a second stage project.

One wonders whether Mr Robert Venturi will risk his neck here; his final choice as architect for the National Gallery extension in London is shortly to be exonerated, or bewailed, as the building rises on its awkward site on the corner of Trafalgar Square. The planning exigencies of the Athenian site could hardly be tighter than those for the London one.

London's newest museum is not just a new museum (albeit in a refurbished building) but an almost new museum type. The closest relation to the Design Museum at Butler's Wharf in Docklands, east London, is the Museum of Modern Art in New York, but the latter functions as a department within a wider art gallery remit.

The Design Museum, the adult version of the Boilerhouse, a small-scale but generally successful venture housed under the wing of the V & A, will deal exclusively with the matters of design in the widest sense. It is a private enterprise venture – the child of the Conran Foundation.

In Montreal, the world's first architectural museum opened this spring. Despite administrative problems, such as the absence of a director, it is a pristine showcase – although conceived in a conventional mould.

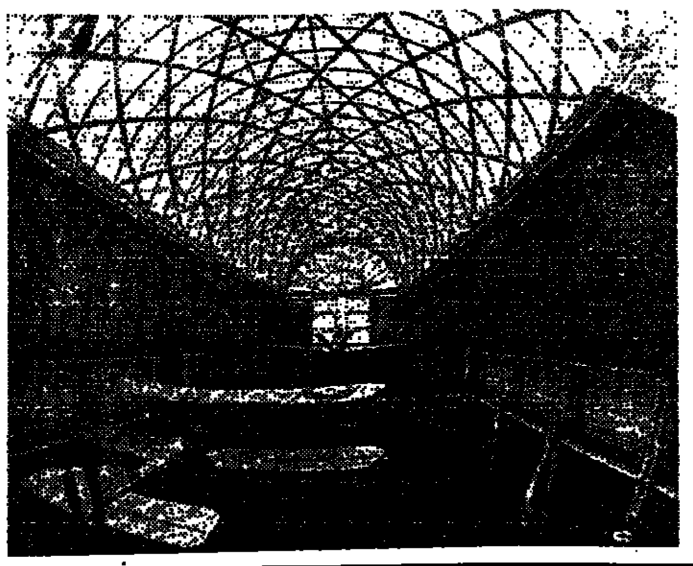
In contrast, the small display devoted to architecture at the Musee d'Orsay is a remarkably imaginative and effective way of displaying architectural detail, in the shape of a kind of totem pole of reduced scale models. The problem of how to display architecture within a museum setting has not yet been tackled with entire success.

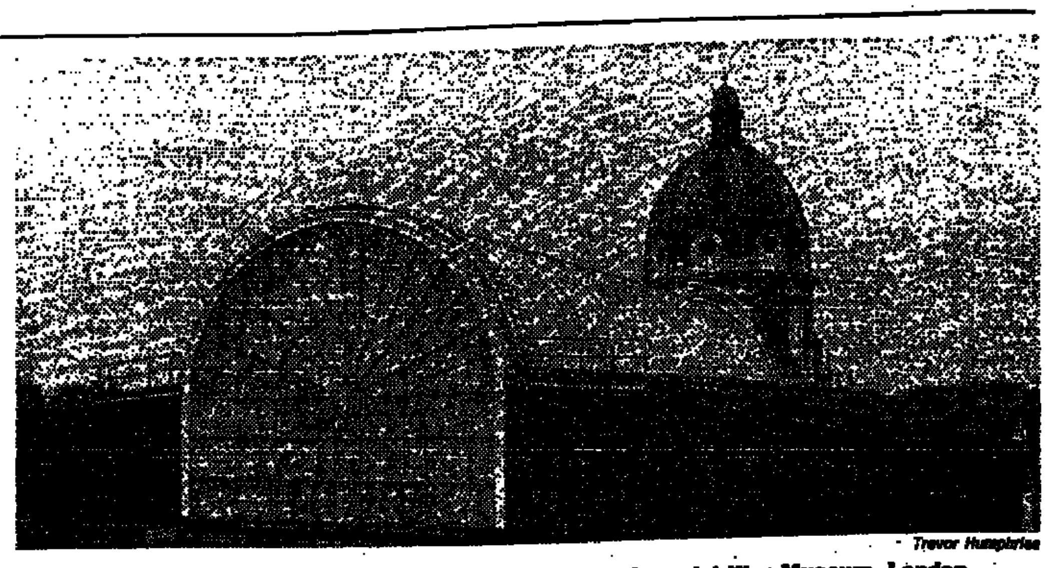
It requires a path somewhere between the rather exhausting multi-media attempts mounted from time to time by the CCI (Centre du Creation Industrielle) at the Centre Pompidou and the dry, didactic architectural drawings exhibitions aimed at the *aficionado* only.

It is rather ironic amid all this activity that the architectural solution to a museum devoted to the subject of architecture itself has proved the knottiest problem of all, although Mr O M Ungers' oddball reconstructed Frankfurt villa goes a good part of the way while the Washington Building housed in the old Pension Building close to the Capitol provides a wider ranging picture, dealing with planning, engineering – in short, all that goes with buildings.

It surely will not be long before someone turns their attention to a museum of museums.

Gillian Darley





Trevor Humphries

Two views of the recently completed roof gallery of the Imperial War Museum, London

Gillian Darley examines changing attitudes towards the preservation of buildings

Uphill struggle for quality conservation

IN THE 1960s the battle for architectural conservation began in earnest. The spur to action was given by the explosion in redevelopment, often of atrocious insensitivity.

The objective became the promotion of a sympathetic climate of opinion towards the lesser buildings which make up most of our towns, cities and countryside. Legislation, in particular that giving statutory protection to designated conservation areas, emerged to give teeth to the new impulse.

There have been major changes in attitude since then. Tellingly, the concern has affected many people's approach towards their own homes, persuading them to look carefully at a house, whether it be Victorian or Tudor, and consider how most fittingly it can be adapted to modern life, without the sacrifice of its historic features.

The wide range of magazines that has sprung up to offer guidance, or sell products, is proof of the new interest. In principle, at least, a more discerning public has developed in the past few years.

But for all that, certain matters have been brushed under the carpet. In the high street or city centre you will see plenty of older buildings, scaffolded and screened, which, once the wraps are off, turn out to be no more than a single facade.

The practice of "conserving" buildings by retaining a skin and building behind is an insidious business. No longer representing anything more than a mere "photograph" of the earlier building, this facadism makes a nonsense of the philosophical basis of conserving buildings.

As a compromise it serves the planner who feels that conservation should be seen to be done and the modern architect who does not have the courage of his or her convictions. It is no accident that in confident architectural eras it worked the other way round; a fashionable front was attached to the original building.

The other central concern is the quality of workmanship on old buildings. The situation at any given time is governed by the state of the building trade. The workload that the industry has been carrying out in preceding years builds up (or destroys) old skills and expertise.

One identifiable bonus of the conservation "boom" has been the emphasis on skilled craftsmanship, the re-establishment of cathedral masons' yards, the return to forgotten skills and learning to deal with long-redundant building materials (such as cob or chalk) in the interests of repair.

The general atmosphere of encouragement leads to young people being attracted into the specialist building trade. The job satisfaction of putting an old building back together is undeniable – whether it is a Victorian school or a medieval barn. Talk to anyone on that kind of project and you are likely to find interest and pride in the job. Few modern construction sites can claim such commitment.

It is bound to be a long journey from the amnesia of the 1960s and 70s to the widespread establishment of skilled specialists in large building companies. Sometimes in the process of absorbing small, long established building businesses such companies may find themselves in the fortunate position of having such tradesmen, but generally the picture has been very bleak. It is partly a question of generation, for many foremen or clerks of works are too young to remember the old turn-of-the-century skills, too old to benefit from the winds of change.

One venture which aims to maximise this change is the William Morris Craft Fellowship, set up in 1986 to "broaden the skills and experience of key craftsmen involved in historic buildings repairs". Supported by bodies such as the National Trust and English Heritage, the fellowships are administered by the Society for Protection of Ancient Buildings. That group's concern about the quality and approach to the repair of historic buildings dates from its foundation in 1877, in reaction to the drastic over-restoration of Tewkesbury Abbey.

The fellowships offer craftsmen and women the chance to have a period of further training, ranging across the gamut of traditional building skills. It also encourages them to travel, meet practitioners in comparable trades, as well as professionals.

Yet all too many architects and surveyors are lamentably ignorant when faced with old buildings, and, while the RICS has risen to the challenge where surveyors are concerned, the RIBA is slower off the mark – always juggling its notion of the image of architect as modernist with its responsibilities to the real world. Architectural schools are no better; given the proportion of workload dealing with conservation, it is extraordinary to find just a handful of schools address the subject at all.

The recent exhibition held at the Royal Academy, Conservation Today, was a disappointment. It carefully avoided a point of view, steered clear of questions of philosophy or technique, but merely showed a selection of major buildings converted to new uses over the past 10 years or so. It is a shame that a more opinionated, less complacent exhibition was not prepared for its extensive world tour.

Good quality conservation is a struggle; everyone has to argue the case for the existing building with compromise as the last resort rather than the first. The premise has been established but the practice lags far behind.

Trevor Humphries

Facadism: preserving the historic front and adding a new rear

ACCOUNTANCY COLUMN

The same, only different, after mega-mergers

By David Waller

ACCOUNTANCY firms are notoriously coy when it comes to providing information about themselves. It is thus welcome — and timely, in the light of the proposed mega-mergers — that the Centre for International Financial Analysis and Research (Cifar) at Princeton, New Jersey, has taken the trouble to scrutinise 18,600 annual reports from companies worldwide and the partnership directories of the world's 16 biggest firms.

The results of this four-year exercise are summarised in the giant, two-volume International Auditing and Accounting Trends. The 1,332-page document contains a plethora of tables on every subject from audit fees to variations in accounting standards. It also provides data on the audit market, showing the share of the market held by the firms by geographical region and industrial sector — some details of which are to be found in the tables above.

These have been compiled on the assumption that the mergers between Price Waterhouse and Arthur Andersen and Deloitte Haskins & Sells and Touche Ross go through, and if they do, that no clients are lost in the resulting shake-out.

The figures above are different from conventional analysis which tends to concentrate on fee income — they represent the firms' share measured as a percentage of the sales or assets of the client company.

BIG FIVE'S % SHARE OF WORLD AUDIT MARKET BY INDUSTRIAL SECTOR

Consumer goods	Capital goods	Basic industries	Financials	Utilities	Other	Total
DRT 24.42	E&Y 18.82	APW 33.41	KPMG 19.51	APW 25.85	APW 30.01	DRT 17.93
APW 14.43	APW 16.41	E&Y 21.75	DRT 18.28	CL 17.02	E&Y 18.24	APW 17.36
KPMG 13.49	DRT 15.34	CL 13.73	E&Y 17.45	DRT 16.17	DRT 15.09	E&Y 17.26
E&Y 11.97	KPMG 14.28	DRT 9.97	APW 15.63	E&Y 13.77	KPMG 11.17	KPMG 17.19
CL 11.28	CL 12.69	KPMG 9.11	CL 10.01	KPMG 8.65	CL 10.97	CL 10.86

Notes: APW — Arthur Andersen and Price Waterhouse; CL — Coopers & Lybrand; E&Y — Ernst & Young; DRT — Deloitte Ross Tohmatsu; KPMG — Klynveld Peat Marwick Goerdeler. The figures are a percentage of sales or assets of companies audited expressed in US dollars; the figures were taken from the 1987 annual reports of 13,000 non-US and 3,600 US companies; for 38 per cent of the clients, 1986 data was used. Table only applies to the Big Five's market share, so the columns do not add up to 100 per cent.

BIG FIVE'S % SHARE OF US AUDIT MARKET BY INDUSTRIAL SECTOR

Consumer goods	Capital goods	Basic industries	Financials	Utilities	Other	Total
APW 29.03	APW 28.89	APW 58.23	KPMG 28.45	APW 38.84	APW 39.68	APW 25.90
DRT 25.06	DRT 25.02	E&Y 17.48	E&Y 23.34	CL 30.03	E&Y 20.80	KPMG 21.25
E&Y 18.52	E&Y 18.07	CL 10.82	APW 12.38	DRT 14.83	DRT 16.54	E&Y 20.61
KPMG 14.02	CL 15.88	DRT 9.49	DRT 18.55	E&Y 9.79	CL 11.34	DRT 18.93
CL 11.32	KPMG 11.26	KPMG 5.89	CL 8.95	KPMG 5.86	KPMG 9.3	CL 11.61

BIG FIVE'S % SHARE OF EC AUDIT MARKET BY INDUSTRIAL SECTOR

Consumer goods	Capital goods	Basic industries	Financials	Utilities	Other	Total
KPMG 18.16	APW 28.99	APW 27.78	APW 25.79	APW 27.73	E&Y 21.26	APW 25.08
DRT 16.41	KPMG 22.84	E&Y 23.81	KPMG 16.99	DRT 11.53	KPMG 19.20	KPMG 18.9
APW 14.96	DRT 12.29	KPMG 17.82	DRT 15.31	CL 10.95	APW 15.28	DRT 14.34
E&Y 11.2	CL 11.21	CL 12.45	E&Y 13.77	E&Y 10.21	DRT 8.17	E&Y 13.86
CL 10.96	E&Y 9.34	DRT 8.49	CL 6.96	KPMG 9.19	CL 7.62	CL 8.08

The report was published just before the mega-mergers were announced. Professor Vinod Banishi, the man in charge of the project, then observed that the audit market worldwide was really a number of sub-markets. He made the point that each of the Big Eight — as the firms then were — had developed concentrations in one industry or another. But, he argued, the industry strengths of the leading firms did not extend across national boundaries — leaving plenty of scope for competition.

Has that changed in the wake of the mega-mergers? The answer would seem to be, no: the Bigger Four — Price Andersen, Deloitte Ross Tohmatsu (as the Deloitte/Touche firm will be called), Ernst & Young and KPMG are bunched together with between 17 and 18 per cent of the world market apiece. CL is left with under 11 per cent. The only obvious industry domination across the world is in financial services — where KPMG retains a narrow leadership, with 19.51 per cent of the market. But, although KPMG is still leader in this market in the US, it is eclipsed by APW in Europe.

However, in both the US and the EC, the Andersen/PW combination is dominant in virtually every industrial sector. KPMG proudly points to fee income of $1.72bn in Europe last year — against $1.55bn that would have been earned by APW — but according to Prof Vanishi's analysis, KPMG has only 18.9 per cent of the market against 25.08 per cent in the hands of APW. Moreover, APW has a commanding position across the capital goods, "basic" industries and utilities and transportation sectors — and financial services.

In the EC, APW has 25.08 per cent of the market in total against KPMG's 18.9 per cent share. In the US, the Andersen combination is again dominant — with 25.9 per cent against the 21.25 per cent in the hands of the runner-up, which is KPMG as in Europe. By sector, APW comes out dramatically ahead in the "basic" industries, utilities and "other" categories.

Anti-trust authorities in both the US and the EC must be looking at numbers very like these at the moment. In aggregate, it appears that the mega-mergers increase the oligopolistic nature of the audit market, without giving any one player a significant overall lead. Sector by sector, country by country, APW looks formidably strong in a business sense: whether this firm's market share is enough to concern the authorities as much as it will upset the competitors, is a different matter.

International Accounting and Audit Trends is available from the Publications Department, CIFAR, 601 Ewing St, Princeton, NJ 08540 USA. Phone: (609) 921 0910.

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Group Operations is the internal service sector which provides operational processing, card services and information technology support to Midland Group. Due to the breadth of its activities, there are a number of exciting opportunities available within the finance function. These roles centre around financial planning and analysis, management reporting and product costing. The "green field" approach, adopted in all areas, offers individuals the opportunity to implement their own ideas in an environment which is both new and fast moving.

Financial Operations

The UK Banking Sector comprises the domestic activities of Midland Group. Within this area there are a variety of opportunities in the finance function which offer an exceptionally broad overview of banking activities. Accounting and reporting systems are being developed using the latest state-of-the-art technology – an area in which Midland Group is constantly striving to break new ground.

For ambitious, commercially astute, accountants who wish to realise the limits of their potential - and receive the rewards to match - please contact *Charles Austin* or *Simon Hewitt* quoting ref: A335 at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone: 01-488 4114.

MIDLAND GROUP

GROUP FINANCE

To £28,000 + Car
Central London

Commercial Role

Acquisitive, growth-oriented plc with interests in the distribution and retail fields in the UK and Europe has the opportunity for a young qualified Accountant to join its Head Office, working directly with the Finance Director and other Board members. Current turnover is c£250 million and further rapid growth is planned, both organic and through acquisition, particularly in Europe.

Responsibilities in this newly created role will embrace a broad-based and balanced mixture of routine and project work. Routine responsibilities will involve the production of monthly management accounts and annual statutory accounts for the Head Office and Group. Ad-hoc responsibilities will include substantial acquisition involvement and developing close working relationships with subsidiary company managers.
Some European travel will be required.

The ideal candidate will be a confident, qualified ACA (aged 25-29) from either a major accounting practice or currently in their first position outside of the profession. Working knowledge of a second European language, particularly Spanish, would be advantageous.

Please apply directly to Richard Carter at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 0344 885911. Alternatively, fax your details on 01-836 4942.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol · Leeds

ROBERT HALF
LONDON

European Financial Controller

c £38,000 + Car

This multi-divisional, high-tech US Electronics Group requires an accountant with the international experience and management skills to organise, develop and manage their finance management resources across Europe as the divisions expand into an increasing number of European national markets.

The requirement is to provide, on a Pan-European scale, timely and accurate management reporting, financial analysis and financial planning into the field and to Corporate US Headquarters, the development of PC based systems and extension of worldwide accounting and reporting packages; timely compliance with SEC and local statutory requirements and management of the international tax situation.

American corporate exposure and experience of applying creative, practical solutions to ongoing and developing issues in a multi-country situation are essential. The position will be based in the M4 corridor and will involve some international travel of short stay duration. Age guideline 30-40.

Please apply in confidence quoting reference L418 to:

Brian H. Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Appointments Advertising

call 01-873 3000

Deirdre McCarthy
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Patrick Williams
ext 3694

Candida Raymond
ext 3351

GROUP ACCOUNTANT An exciting group of companies in London E1, wish to appoint a group accountant. The position offers responsibility and opportunity for initiative to an experienced candidate aged between 30 and 50. Package c.£30,000 p.a. negotiable. Please write Box A1298, Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS WANTED

MBA

MBA (Finance) 1988 with substantial experience at senior level in major international plc seeks exciting opportunity in M&A or in a growing acquisitive company. London/Southern Home Counties preferred.

Write Box A1299, Financial Times, One Southwark Bridge, London SE1 9HL.

Management Accountant

Operational Management – Fast Moving Environment

Central London — *to £30,000 + car & benefits*

This is an exciting opportunity with a leading British leisure company which has ambitious growth plans and a reputation for entrepreneurial management.

As a fully integrated member of the management team, the task is to financially plan and monitor overall business performance, and to participate in the development of the operation. This will involve regular visits to retail outlets and the centralised production and distribution facility.

A qualified Accountant with experience in a service sector, and probably of multi-site operations, you will be comfortable with all aspects of regular and ad-hoc reporting. You will be involved in the further development of controls and systems, including EPOS.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications. Please write to Alison Hawley, quoting reference 5285/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

COMMERCIAL DIRECTOR

Buckinghamshire — **To £32,000+Car+Bonus**

Our client is the major operating division of a £130m turnover international precision engineering plc. In recognition of the need for a strong commercial and financial function to control and direct the division's activities, the company wishes to appoint a Commercial Director.

Reporting to the Chief Executive of this complex, competitive business unit your input into product costing and profitability, pricing, arranging export finance, credit and insurance cover will be crucial to the achievement and security of orders booked.

In your financial capacity you will ensure adequate controls and systems are in place to meet group timetables; prepare the division's statutory and management accounts and monitor performance against budget.

This is a challenging opportunity for a manufacturing orientated qualified accountant who wishes to be involved in the commercial decision-making of a major plc.

In addition to the highly competitive salary, there is a comprehensive range of benefits including a full relocation package, where appropriate.

In complete confidence please write or telephone:
ACCOUNTANCY PERSONNEL, Ashton Hse, 469 Silbury Blvd, Milton Keynes MK9 2AH. Telephone: 0908 661707. Fax: 0908 676729.

Accountancy Personnel
Placing Accountants First — Hays
A Hays Personnel Services Limited Company

Senior Management Roles in Finance

Top Public Relations Company
c£30,000 + car
London

Burson-Marsteller is the third largest PR company in the UK and is wholly owned by Young & Rubicam. Market growth and an organisational review have highlighted the need for two senior financial roles.

Assistant Controller Europe

To establish efficient and effective financial and management controls throughout Europe. Assisting line management to meet their corporate objectives and U.S. reporting requirements. Responsible for three markets, some travel will be involved.

Accountant Treasury Analyst

An accounting and analysis role, dealing with Capex, budgetary control, intercompany accounting, cash management and consolidations. Some tax and legal matters add interest to the position.

Qualified accountants are preferred for these demanding roles, and all applicants must be pro-active achievers who are capable of self management. Reporting to the Controller/Business Manager Europe, the working arrangements are flexible and informal. The benefits are first rate, the prospects very bright.

If you feel confident of meeting the challenge please send a full CV, indicating your current salary and quoting ref. MCS/5137 to Barrie Whitaker at
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Broad Exposure — Commercial Responsibility

CONTROLLER

West London — **Age 27-30** — **c £30,000 pa + Car & Profit Share**

An excellent career opportunity, resulting from the significant promotion of the present incumbent, has arisen for a young Accountant looking for a Controllership with a strong commercial emphasis.

Reporting to the Finance Director, with three direct reports, the Controller will lead a department of 14 staff. The immediate responsibilities of the three reports will include full financial and management accounting and analysis for the worldwide Export Business, control of Divisional Head Office costs including Central Marketing and the analysis of European Trading Activity including new Business Development. The Controller will oversee all these areas, but will concentrate on the development of a key business area. This will necessitate establishing good working relationships with the relevant Managing Directors.

The successful candidate will have a strong commercial background. The major qualifications for the role are, however, the personal qualities of maturity, credibility and the flexibility to adopt a 'shirt-sleeves' approach or take an overview as required. Good interpersonal skills are likewise essential, as is a desire to travel up to 10 per cent. Previous international experience is, however, not crucial.

The client, a well-respected international brand leader in fmcg, is based in West London. The Finance Department is a young, highly motivated team, with a good track record of promotion both within the Company and the wider Group.

Individuals interested in discussing this challenging position should telephone Karen Wilson BA, ACMA on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

F M S
Search and Selection Specialists for Financial Management

Glaxo Nigeria Ltd
General Manager (Finance)

An appropriately qualified professional accountant is sought to become Head of Finance of Glaxo Nigeria Ltd. This Lagos based, N multi-million quoted company is a household name in the Nigerian pharmaceutical industry and part of the international Glaxo Group. The position will appeal strongly to those who have held top-level financial management positions in similar companies and there are career prospects to match the highest aspirations of ambitious candidates.

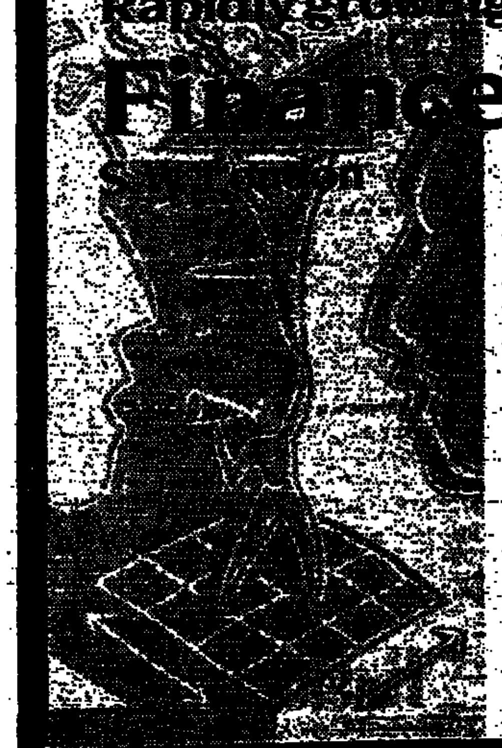
The person appointed must be prepared to go into detail and take the lead in raising the standard of accounting throughout the company. This will require a thorough understanding of data processing procedures and an enthusiastic commitment to improving the company's computer systems.

Candidates will be African Nationals and with a minimum of 10 years' post-qualification experience, will probably be in the 38-45 age group.

The salary will be such as to attract the high-calibre senior professional that the role demands and a comprehensive range of fringe benefits will be offered, including a company car and furnished accommodation.

Please write with full personal and career details to: John Poulson, Personnel Manager, International Assignments, Glaxo Holdings plc., Clarges House, 6-12 Clarges Street, London W1Y 8DH.

Glaxo Holdings p.l.c.
Clarges House, 6-12 Clarges Street, London W1Y 8DH.



Rapidly growing £100m service group
Finance Director
c.£40,000 + performance bonus

This highly successful group employs 14,000 people in contracted service businesses: Communications, Security, Cleaning and Maintenance, and Personnel. The stable senior management team plans continuing acquisition-led growth plus organic expansion (30% p.a.).

As UK Finance Director you will have an autonomous role to support the Group Managing Director to analyse and act on reported results from the four divisions. Your key responsibilities will include setting and implementing reporting policies, incorporating acquisitions, and reviewing computer and other systems needs.

The position calls for an ACA, probably 30-38, with proven experience managing finance and accounts preferably for a group head office. A service industry background and a strategic approach are essential. In a sales and growth led culture you will be tough-minded enough to put into place structures to support the businesses.

The excellent remuneration package includes a performance related bonus, car and pension. You will be entrepreneurial, and ambitious to take up a general managerial or, possibly, overseas financial role after proving your contribution.

Please reply in confidence, giving full career and salary details and a daytime telephone number, and quoting reference 1592 to Barbara Robertson, or call her on 01-583 3303.

BDO BINDER HAMLYN
BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

Finance Director Designate

ESSEX, C.£30,000 + CAR + PARTICIPATION OPPORTUNITY

For a long-established distributor of packaging paper and polythene which is a leader in its field and has experienced consistent growth in recent years. With a staff of 70 and a turnover of £12m, it purchases materials worldwide and sells to over 700 customers throughout the UK. It now seeks a commercially oriented financial manager to lead the finance team and to provide the company secretarial function.

Reporting to the Board and a key member of the management team, you will have total responsibility for the finance function and company secretariat. Early priorities will include to strengthen financial and management accounting, improve management information and support the on-going development and implementation of computer systems. You will be expected to play a full part in the financial planning and management of the business and handle the liaison with the company's bankers and other advisors.

A qualified accountant with at least five years' commercial experience, preferably in industry, you will have experience of managing staff and of systems implementation. You should be comfortable in a hands-on role in a small organisation where there is no technical guidance from above and the style is informal.

For the right person, a Board appointment is envisaged as soon as proved and the opportunity exists to acquire shares in the Company.

Résumés please, including a daytime telephone number to Robin Alcock, Reference RA579, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing — Coopers & Lybrand

Group Taxation Manager

Berkshire **c£45,000 + Exec Car + Share Options**

Our client is a diverse international manufacturing company with significant operations in the UK and overseas. Recent group reorganisations, the injection of new personnel and a number of strategic acquisitions and disposals has created a group which is focused on the future and quick to adapt to change.

Reporting to the Finance Director and forming part of a small head office finance function, they are now seeking to recruit an experienced Group Taxation Manager. Together with a Taxation Assistant, the Group Tax Manager will co-ordinate the tax compliance for the group but the thrust of the work will be in the following areas:

* Providing a complete tax advisory service to all levels of senior management.
* Ensuring that the tax implications of business decisions are taken into consideration.
* Providing advice on group acquisitions and disposals worldwide.

Suitable candidates must be able to demonstrate an in-depth knowledge and experience of the tax affairs of a diversified international company, coupled with the necessary commitment and enthusiasm to proactively contribute to future organic growth.

A first class remuneration package is offered to candidates who meet these exacting criteria.

If you feel you have the technical strength and practical flair to make a success of this important role, please contact in the first instance Graham King on 01-831 2000 or evenings/weekends on 01-785 6545 (24 hour answerphone) or write to him at **Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page Taxation

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

"Leadership is our goal . . .
. . . Innovation is our strategy."

Marketing Accountant

W. London **£25K + Bonus + FX Car**

Our client, a US owned company, is a leading force in the highly competitive hair care product market, with distribution networks in over 100 countries worldwide. With a strong commitment to product development and an aggressive marketing strategy, it has experienced unprecedented growth with record sales this fiscal year exceeding $600m.

Since its launch within the UK in June, 1988 the Company has already achieved a substantial share of the UK hair care product market, with a projected turnover this year approaching $10m.

To sustain this level of growth, our client is now looking to recruit this key position of Marketing Accountant. Reporting to the Commercial Director, areas of responsibility will include:

* Brand cash flow and balance sheet reporting and forecasting.
* Product profitability, new product appraisal, advertising and promotional expenditure analysis.
* Internal management and external US reporting.

The successful candidate will be a qualified accountant aged 25-30 years with a strong commerical/marketing background. Excellent interpersonal skills together with an innovative, proactive approach are essential qualities to succeed within this high-growth, marketing led company.

Interested applicants should send their CV to

Teresa Stimpson, Michael Page Finance, *Windsor Bridge House, 1 Brocas Street,* Eton, Berkshire SL4 6BW. Tel: (0753) 856151.

MP

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

MANAGING DIRECTOR
GIBRALTAR

WE ARE a major financial group with a network of trust/company management offices in various offshore centres.

WE NEED a Managing Director to take overall control of our Gibraltar operation.

IF YOU ARE aged 28 or over, with drive and ambition, presently employed in a senior position relating to trust/company management operations and have considerable experience of all aspects of offshore trust/company management preferably including a relevant professional qualification.

IF YOU WANT the challenge of managing a trust company with an established and developing client base and anticipating a considerable corporate expansion over the next few days. Your duties will involve the management of our existing business including supervision of our office in Gibraltar which benefits from advanced computerised accounting and administration systems together with the continued marketing of our services in the Iberian peninsula.

WE OFFER an extremely attractive remuneration package which will take the form of a three year contract and will include:

COMPETITIVE SALARY, WITH TERMINAL PAYMENT GEARED TO BUSINESS GROWTH FREE HOUSING
NON CONTRIBUTORY PENSION, PERMANENT HEALTH SCHEME FLIGHTS TO THE U.K.
COMPANY CAR

INTERESTED?

Please reply to Box A1296, Financial Times, One Southwark Bridge, London SE1 9HL

Appointments advertising appears every Monday, Wednesday and Thursday

Tomorrow's World –
Financial Opportunities in Advanced Technology
M3/M4 location

A subsidiary of a major international group, our client operates at the leading edge of advanced computer technology on both military and civil applications. Turnover is in excess of £300m. They are seeking high calibre Qualified Accountants for two key positions.

Head of Operational Audit

c £30,000 + car

This is a new appointment. Reporting to the Finance Director your brief will be to set up a small team primarily to identify profit improvement opportunities and assisting on acquisitions and disposals. You will also be involved in counselling divisions on financial and operational matters and will institute policies and guidelines to ensure optimum financial and operational efficiency.

Applicants will be chartered accountants aged 30 + with several years audit and investigations experience. It calls for a high level of initiative, innovation and analytical ability, together with a shrewd business brain (Ref F2033).

Divisional Management Accountant

to £27,000 + car

This is a lynchpin role critical to the success of the business. Supported by a team of project accountants your prime responsibility will be the costing and monitoring of a diversity of contracts to maximise profitability. It will involve liaising closely with operational management and advising on financial implications. You will also be heavily involved in the preparation of bids and development of new products and new markets.

This is a first-class opportunity for a profit orientated ACMA aged 30-35, to play a key role in tomorrow's technology today. We will be looking for indepth projects control experience, coupled with strong management ability and a keen commercial mind (Ref F2034).

The attractive remuneration package includes a car, pension, life assurance, medical insurance and other benefits and there are excellent prospects within the group for those who can demonstrate high promotion potential.

Please send your curriculum vitae, including current salary and daytime telephone number, quoting the appropriate reference number, to W.S. Gilliland, Grant Thornton Management Consultants, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
MANAGEMENT CONSULTANTS
The UK member firm of Grant Thornton International

FINANCIAL CONTROLLER

CITY £60,000 + BANK BENEFITS

Chartered accountant, aged 32-40, is sought by a first class international merchant bank to control and develop their finance function in response to business needs and expanding global operations.
Ref: 125662/hkm

CORPORATE ACCOUNTANT

WEST END c£30,000 + BENEFITS

International consumer goods producer seeks ACA from Big Eight firm, ideally aged 25 to 30. You will be involved in UK and US corporate reporting, ad hoc projects including acquisition appraisal and pension fund management.
Ref: 124143/sma

MANAGEMENT CONSULTANT

CITY to £40,000 + CAR

Qualified accountants (ACA/ACMA) with excellent analytical and inter-personal skills are offered the opportunity to join a rapidly expanding management consultancy department. Ideal candidates will have 5 years PQE in industry.
Ref: 106211/sml

DIVISIONAL ACCOUNTANT

CITY to £27,000 + CAR

International broking group seeks a self-motivated qualified accountant to take charge of the production of management information and to improve divisional profitability. This position reports to the MD and includes Board membership.
Ref: 126972/csm

To be considered for these or other similar opportunities please write to or telephone

MANAGEMENT PERSONNEL
25 CITY ROAD, LONDON EC1Y 1AA
TEL: 01 256 5041 (24 HRS)
FAX: 01 374 8848

Management Personnel
RECRUITMENT SOLUTIONS
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NEWBURY · BRISTOL · CAMBRIDGE

Financial Controller

c£35,000
+ car + benefits
London

This successful medium-sized high value commodity company has a long established market presence and is now poised for further expansion. Buying and selling in worldwide markets, global operations are co-ordinated and monitored from the London head office.

Reporting to the Chairman and Managing Director, and providing financial expertise to the management team, the position carries responsibility for management and statutory reporting and the development and maintenance of systems to maximise financial control in the company, including its overseas operations. The role will involve some, but not excessive, travel.

Candidates should be qualified accountants with at least five years' financial management experience including stock and cash flow control in a medium-sized to small company using computerised systems. Previous international exposure is desirable, though not essential. In particular we are seeking a 'hands-on', versatile and flexible approach, a strong communicator, and a personal style that will harmonise well within a small head office environment.

Please write in confidence enclosing a full CV and salary details, quoting reference MCS/3022 to Janet Stockton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Finance Manager

Expanding high-tech market leader
SW London to £30,000 + Car

Our client is the UK subsidiary of a world leader in high technology specialist equipment. The market for their products is expanding rapidly in this country and the organisation has established a strong market share based on the quality and flexibility of its equipment. The company has grown at the rate of 40% a year for the last two years and it is expected to maintain this level of expansion. It is profitable and has about 50 staff.

In order to manage its continued development effectively, the company wishes to recruit a Finance Manager to take full responsibility for financial matters. Reporting to the Managing Director, the role will involve all aspects of financial planning and control, budgeting, systems development, cash and foreign exchange management. The scope of the role will develop as the company grows.

You should be a qualified accountant, with commercial experience of financial control, preferably gained in a company with international clients or connections. You must be computer literate and have an interest in systems development.

As part of a committed management team you will need a pro-active approach and excellent interpersonal skills. Previous staff management experience would be an advantage but is not essential.

Success in this role could open up the prospect of a directorship.

Please write, enclosing full career details, to Jane Woodward at the address below, quoting reference SHA 1355.

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA
FAX: 01-487 3686
A member of Horwath & Horwath International

A Sense of Financial Direction

London, Birmingham, Manchester

When it comes to career objectives, the average Accountant has the role of FD in mind.

But you're above-average. Rather more broad-minded. And ready to talk to Deloitte Haskins & Sells.

As a Financial Management Consultant you'll find all the breadth of involvement you can handle, great career prospects, as well as expert training and support. Plus a real sense of achievement in developing client relationships.

You'll deal with a range of financial issues, taking on special projects for the senior management of diverse blue-chip organisations. Often working with experts in other disciplines.

You won't just initiate new ideas, you'll go on to implement them.

Aged 25-35 and a fully qualified Accountant, you must have experience of successfully managing change in a large-company environment.

In return you'll receive unrivalled technical and interpersonal skills training and the prospect of excellent career progression. Plus the highly competitive salary and benefits package you'd expect from one of the world's leading firms of management consultants.

So to take your career in a more rewarding direction, please write with full personal and career details (including a daytime telephone number) to Stephen Mitchell, quoting ref. 3157/FT on both envelope and letter. Please also state your preferred location.

Deloitte Haskins + Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

صحكذا من الاجل

Finance Director

£120,000 **Hong Kong**

Our client is a major, Far East based, multi-national group.

The new Finance Director must be a mature, qualified Accountant, who has worked in a senior financial and management position, and has skills in corporate finance with previous working experience in the Far East.

Our clients are offering a three year contract, with an excellent salary, housing and expatriate benefits.

Please reply in writing, enclosing full cv, Reference H9914.
54 Jermyn Street, London SW1Y 6LX.

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FINANCE MANAGER

A crucial role within the first division fmcg market

Board potential

to £45k

BONUS • CAR • BENEFITS

CLIENT PROFILE:

A premier £multi-million force in blue-chip fast moving consumer goods. Already leading their market sector, they are poised for significant further expansion within the UK.

CANDIDATE PROFILE:

Must be ACA or ACMA qualified, probably aged between 35 and 42, and of Graduate calibre. With a record of achievement in a dynamic and commercial fmcg environment, you must have a sharp intellect combined with a tough-minded manner and a resilient and assertive character.

Able to win to co-operation of colleagues and to take a firm stand when required, you will need to be both persuasive and highly articulate. The successful applicant most likely already holds a senior financial management position and is openly ambitious to progress that much further with a company where excellence is the norm.

POSITION PROFILE:

Reporting directly to the Financial Director, you will be in charge of the team responsible for the management and control of a key division of the business. You will undertake the management of important strategic projects, provide tactical and strategic decision support, while continuously reviewing and enhancing their sophisticated financial systems.

This is a most critical appointment within our Client's succession plan and should lead to a Board appointment within a reasonable time-span.

REMUNERATION:

The package reflects the importance of this position and the calibre of person required. Salary is up to £45,000 pa plus a substantial bonus, 2-litre executive car and benefits including free medical insurance and generous assistance with relocation to Southern England if necessary.

ACTION:

Telephone James Willis weekdays until 6.30pm on 01-436 9307. Alternatively, send your CV to him at Integrated Selection, Tennyson House, 159-165 Great Portland Street. London W1N 5FD.

INTEGRATED SELECTION

Finance Manager

c.£25,000 + car + benefits

Few retailers offer as much scope for growth as Toys "R" Us. We're Britain's fastest growing retailer, opening 23 superstores in under 4 years, with another 5 planned to open this Autumn.

A professionally qualified accountant you will have a wide range of responsibilities including monthly and annual reports, budgeting and forecasting - you will also need to manage and motivate a team of seven committed individuals.

We operate in a highly computerised environment, using leading edge products, and therefore an important part of your brief will be the development and enhancement of our financial computer systems.

To succeed, you should have two years' post qualification experience ideally in a retail environment, plus proven supervisory skills.

The finance department works closely with the operating business and so excellent communication skills and a sharp commercial approach are crucial to the success of the team.

A highly competitive salary is available plus a wide range of benefits including a 2 litre car, share options, pension scheme and private medical insurance.

Career prospects in such a fast moving environment are naturally excellent.

Please send your current cv to the Director of Finance and Administration, Toys "R" Us Limited, Rose Kiln Lane, Reading RG2 0JW.

TOYS "R" US®

MORE THAN JUST FUN AND GAMES

REED... accountancy

SURREY c£45,000 + car

Financial Controller

Major service company offers a high-profile role within a large Accounts Department. Unlimited job satisfaction is guaranteed and the excellent benefits include a prestigious car. Ref 67280

For further details contact:
The Manager, Reed Accountancy,
21 George Street, Richmond
01-940 4483 Fax 01-940 1627

CITY to £40,000

Controller

Top City Trader seeks a progressive Accountant who can deal with trading and settlement accounting on a grand scale. You will also be required to lead a demanding team. Ref 98154

For further details contact:
The Manager, Reed Accountancy,
47 Brompton Road, Knightsbridge
01-584 6677 Fax 01-823 9430

Phone or send your CV to the appropriate manager, or request an application form. Out of office hours, call 01-770 7780 or 0483 740401. Reed actively promotes Equal Opportunities.

PLANNING AND ANALYSIS MANAGER

Cellnet
THE CELLPHONE NETWORK

London
To £35,000 + bonus + car

Cellnet is one of the most dynamic and innovative companies in Europe with a compound growth rate of 100% per annum. It operates one of the world's most sophisticated mobile communications networks and through further technological advances, it is developing enhanced and added value services. Already a market leader in the UK in the high growth mobile communications sector, it is strategically poised to be a key player in the burgeoning European market.

The new position of Planning and Analysis Manager resides in Sales and Marketing to provide a fully integrated financial service to the department. Supported by a central general accounting system, the person appointed will be totally involved in the business management processes, specifically through performance measurement and by contributing the financial implications of strategic and tactical decisions.

The successful candidate will be a commercially orientated qualified accountant probably in his or her early thirties. You should be familiar with the demands of a large, market driven business. To command the respect of your marketing colleagues you will need to be a fast thinking, effective communicator with commercial judgement.

Please reply in confidence, giving concise career, personal and salary details to Alan Goodenough, quoting reference L440.

Egor Executive Selection,
58 St. James's Street
London SW1A 1LD (01-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

Hands on Role in Manufacturing Management

FINANCIAL DIRECTOR

c.£35K + Car **Suffolk**

Part of a £208M turnover publicly quoted British group of diverse industrial companies, our client is a highly profitable autonomous subsidiary currently turning over c.£50M. Their head office and manufacturing installation, based on the Suffolk/Essex borders, supplies high quality office furniture systems directly to the end user via large distribution points throughout the UK.

Reporting to the Managing Director, the Financial Director will play a crucial development role within the company, becoming involved in all aspects of operational and commercial management, whilst assuming direct responsibility for the organisation's financial affairs.

Ideally aged late 30s/early 40s and professionally qualified (ACA, CACA or CIMA), a strong man-manager is sought with a background of experience in a multi-site manufacturing and distributive environment. A good knowledge of the development of operational and management information systems is essential.

This position offers an attractive salary package which includes a profit related bonus scheme and a fully expensed company car.

Please write enclosing CV, quoting reference: A332, to Jenny Tucker at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone: 01-488 4114

MERVYN HUGHES

Long term prospects in leading retail group

Financial Accountant (Operations)

£30,000-£33,000 + bonus
Central London

This highly successful retail group, a household name, owns and operates over 100 stores throughout the UK. Major systems are now being enhanced with state-of-the-art software.

You will be based at Head Office in W1. As part of a small senior management team you will have a creative challenge: timely production of financial accounts while developing accounting policies, systems and staff (over 30 people) to meet future needs. Key areas include Property (a substantial portfolio); Accounts Payable; Fixed Assets and Banking plus input to highly confidential reports, budgets and controls.

You will be a graduate accountant (ACA, ACCA, ACMA), age 28-33, technically inquisitive and a team player with strong managerial skills. You will be experienced with computerised accounting systems in an audit, retail or property background. You seek a long term career in a highly profitable yet caring company which develops its own Managers.

In addition to an attractive basic salary, the Company provides a generous range of benefits.

Please write, in confidence, giving full career and salary details, quoting reference 1591, to Barbara Robertson, or call her on 01-583 3303.

BDO BINDER HAMLYN

BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

Financial Controller

Major British Group

M4 Corridor **to £32,500 package + car**

Our client, a highly successful British Plc, is now seeking a high calibre Financial Controller for one of their major growth orientated subsidiaries engaged in aviation transport and distribution.

Reporting directly to the Managing Director, the Financial Controller will lead a small head office team responsible for the accounting and financial control functions of the company. Key tasks will include the timely production of the financial and management information, budgeting, systems development and acquisition appraisal.

You must be a qualified Chartered Accountant, ideally with a degree, probably aged between 28 and 32 with a strong commercial awareness. Good computer skills and an ability to take a "hands-on" approach are further requirements for this position. In addition you must be highly motivated with strong leadership and intellectual qualities and be able to demonstrate first-class technical and interpersonal skills.

This key appointment offers the opportunity to join an organisation, involved in an industry exhibiting prime growth potential, at a strategic stage in its development. Career progression prospects and related rewards are also substantial.

Please reply in confidence, sending a full CV to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY quoting reference number 670, or telephone Stuart Adamson FCA on 0532 451212.

ADAMSON & PARTNERS LTD

Executive Search and Selection

Outstanding European Opportunities in

Financial Planning and Analysis

Frankfurt **UK Equivalent c.£28,000**

With the commercial emphasis shifting to the wider European market, the age of the International Finance Manager has arrived.

Our client is a major US Corporation with substantial operations in several European centres. They are enormously successful, highly profitable and committed to strengthening their position as market leaders.

More than ever before, the provision of high quality financial control is seen by our client as integral to their future plans.

We therefore invite applications from ambitious Chartered Accountants, probably aged 25-28 seeking to develop their careers within the International arena.

The successful applicants will assume responsibility for a wide range of assignments specifically geared to improving profitability and achieving operating objectives.

These will include:

* Significant involvement in the planning and budgeting process
* The review and analysis of financial data from several European companies
* The development and implementation of improved cost accounting procedures for the German manufacturing operations
* The management review of operating company performances measured against revenue and profitability targets.

These positions offer top level management exposure coupled with tremendous career prospects within an International Group. Therefore applicants should be able to demonstrate not only sound technical ability, but also a desire to be really involved in commercial decision making which will affect our client's long term growth prospects both in Germany and elsewhere.

A working knowledge of German would obviously be advantageous, but extensive language tuition may be made available if deemed appropriate.

Initial contact may be established by *writing, enclosing a curriculum vitae to* **Terry Benson, Michael Page International, 39-41 Parker Street, London WC2B 5LH.**

Alternatively telephone him on **01-831 0431.**

MP

Michael Page International

Financial Recruitment Specialists

London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

Chief Accountant

West End *c.£30,000+ company car and other benefits*

This is a challenging appointment in a retail based division of a multi-million pound Group which operates throughout the United Kingdom.

The task is to control and further develop the central accounting functions of the division, reporting directly to the Financial Controller and supervising over 40 staff. The financial and management information produced will permit tight control of over 50 trading branches. The Chief Accountant will work with the Controller in financial accounting and reporting. Cash flow management will be particularly important.

The need is for a qualified Accountant who has at least two years experience in a management role. Familiarity with PC and mainframe systems is essential; you must be comfortable working to tight deadlines in a dynamic environment.

Good benefits include a car, and if necessary, relocation expenses.

Please reply to Paula Hanratty in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 5299/FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL.

FINANCIAL MANAGER

c.£30,000 + executive bonus + car **Location: London**

If you're highly capable, ambitious and commercially aware, you'll be amongst like-minded people at National Telecom. In just five years we've become a *£multi-million plc* with a large, enthusiastic UK client base and a thriving export business to over 40 countries.

Now, to fuel still further our ambitious expansion plans, we're seeking an accomplished manager to head up the Finance Department of 10 people within National Telephone Systems Ltd. – the design, manufacturing, marketing and sales division of this rapidly growing, international business. One that's fast establishing itself as the leading alternative supplier of quality telecomms products.

In addition to the day-to-day running of the department, you will be expected to add strength to the senior menagement team and be responsible for implementing improved management control and reporting systems.

Ideally a graduate and preferably FCA or FCMA-qualified, you should have experience gained in a manufacturing/engineering environment and good communication skills. However, the ability to produce cost *information and product/market profitability* statements are the key requirements. Advanced computer literacy is similarly essential, as you will also play a significant role within the group responsible for new systems installations.

For the right candidate – a heavyweight professional, probably aged 30-40 with the potential to progress to director level – we offer a highly attractive salary package with benefits which include a car, BUPA cover, 23 days' leave and senior management bonus of up to 30%. Relocation will be provided if appropriate.

In the first instance, please write – enclosing full CV – to Luise Oppenberg, Personnel Manager, National Telephone Systems Limited, Great Eastern Enterprise, 3 Millharbour, London E14 9XP. Telephone: 01-538 2211.

National Telecom

Business Communications

Senior Tax Manager

(Tax Partner Designate)

c.£27500+car **Suffolk**

Our client, the Bury St Edmunds partnership of BDO Binder Hamlyn wishes to recruit a Senior Tax Manager, (Tax Partner Designate). The task carries responsibility for both corporate and personal tax matters on behalf of an extensive, growing and varied client base. The main emphasis will be on personal tax. The successful candidate will report to the tax partners and work closely with other partners and colleagues.

This is a new position and provides an ideal opportunity for a qualified accountant, aged 30-35, (preferably ACA) with at least five years relevant experience. ATII membership would be an advantage. Candidates must be able to demonstrate strong interpersonal skills as the position will involve significant contact with clients, partners, colleagues and other third parties. Candidates must be computer literate. It is envisaged that the successful applicant will be admitted to the Partnership within two years.

In addition to a competitive salary and car, benefits include life assurance, permanent health insurance and access to a contributory pension scheme.

BDO BINDER HAMLYN

Please send full CV, including details of current salary and a day-time telephone number, quoting Ref No L1889 to Charles Knell.

BDO Binder Hamlyn Management Consultants, 21 Queen Street, Leeds LS1 2TW.

Assistant Treasurer

C. London **Substantial package**

A unique opportunity has arisen for a highly talented Treasury professional to join the Corporate Treasury team of one of the UK's most exciting, diverse and innovative international financial services groups.

The Central Treasury function has an extremely high profile within the Group and the Assistant Treasurer will be involved across the whole range of treasury activities. The Group is constantly seeking innovative solutions to complex financing and cash management issues, consequently there is a significant project orientation to this role. In addition, there will be close involvement with the treasuries of each operating division, overseeing their funding requirements and ensuring efficient policies and procedures are in operation.

Aged 28-35 you will be a qualified accountant of high intellect and numeracy together with a background of several years' treasury experience ideally gained within an international organisation. Strong interpersonal and technical skills are essential in order to quickly establish authority and credibility throughout the Group.

The highly competitive salary package is negotiable *depending on experience and qualifications.* Performance will be rewarded.

Interested applicants should write enclosing a comprehensive CV with daytime telephone number quoting Ref: 349 to Barry Ollier, Whitehead Rice, 43 Welbeck Street, London W1M 7PG. Tel. 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

MANAGEMENT ACCOUNTANT

c. £35000 + car + benefits + career prospects

This is an unusual and exciting opportunity to influence business strategy and financial policy in a progressive and internationally renowned company in the drinks industry.

Based in London SW1 our client is a private family-owned company with a turnover of £46 million, and as part of its continuing expansion plans it has decided to appoint a Management Accountant to strengthen the management team. Reporting to the Finance Director, the person appointed will be expected to provide financial information for Board decisions, to analyse the economic and financial implications of company policies, and to assist with the management of funds.

Candidates, ideally 28-35, should possess 3-4 years' relevant experience in a strong management accounting environment where they will have contributed to the development and use of computer-based financial and management information systems. A professional qualification (FCA, FCMA or equivalent), the capacity to assume increased responsibility, good inter personal skills and an entrepreneurial approach are mandatory.

All applications will be treated in complete confidence and should be addressed to Richard Stokes at: Gorham & Partners Ltd., 190 Strand, London WC2R 1JN

Gorham & Partners Ltd.

MANNESMANN DEMAG

Mannesmann Demag Limited, located in Banbury, is a member of the Mannesmann Group. We are the UK's leading manufacturer of material handling equipment ranging from lifting equipment to complete warehousing systems. We also act as a Holding Company for a number of other Mannesmann companies operating in this country.

Due to expansion in business we are looking for an

ASSISTANT TO THE CHIEF ACCOUNTANT

The successful candidate will deal with routine activities of the Department and will in particular be responsible for Insurance and Legal matters as well as Commercial Project Management.

The ideal candidate is a qualified accountant between the ages of 25-35 with some experience in computerised accounting, commercial legislation and insurances. An understanding and sound working knowledge of the German language is required.

We would, however, consider applications from recently qualified accountants if they are prepared to undergo the necessary training to fulfil the job specification, although we cannot relax the German language requirement.

We offer a generous salary and all other benefits you expect from a well established company. For candidates with personality and enthusiasm this could prove to be the start of a commercial career in a Multinational Group.

Interested? Then write enclosing a current CV to our Consultants, CARTER KNIGHT, Martins Bank Chambers, High Street, Banbury, Oxon. OX16 8EG. Telephone: (0295) 272007.

CarterKnight

Management Consultants

Financial Analyst

Kent **c£24,000 + Car and Bonus**

Recognised as a market leader in the building and allied products sector, our client is well-established in the UK and overseas. The Group is pursuing a policy of expansion, particularly by acquisition in overseas markets.

Based at Group headquarters and reporting to the Group Financial Controller, you will assist him in carrying out his responsibilities.

You will play a key role in establishing, monitoring and reviewing the budgetary and financial criteria to ensure optimum performance in the Group's subsidiaries.

Recently qualified ACA, aged about 24, you will be seeking to build your initial career experience outside the audit function. Experience of computerised management information systems and financial spreadsheets is essential.

Career advancement, possibly via a manufacturing subsidiary role, can be expected within two years.

An excellent remuneration and benefits package is offered to include a performance related bonus scheme.

DBA

SEARCH & SELECTION

Please write, in strict confidence, enclosing all information relevant to your application including salary details, to Colin J. Hooker FCA, quoting ref. 464

DBA Associates Limited, Clerk's Well House, 19 Britton Street, London EC1M 5NQ.

Tel: (01) 250 0003.

Investment Controllers

for a critical £100 million programme

Guildford *£40,000 + benefits*

Our client has assets of £5 billion and is now entering a period of exciting and challenging commercial development. Critical to the company's business success, the investment programme exceeds £500 million and 100 projects with £200 million plus of new projects annually. Two Investment Controllers are required to ensure the sound financial and commercial control of this programme.

Working with Senior Management and directing a small team, you will provide rigorous commercial and financial advice to one of two General Managers, Construction Project Group. You will critically review budgets and forecasts together with project progress, and agree corrective action where necessary. Contributing to project development, you will also assess the financial implications of major investment proposals.

Probably in your thirties, you will be a qualified accountant with sound analytical skills. You will have experience of appraising large projects, probably acquired in a capital-intensive business such as heavy engineering. A self-motivated, confident approach and good interpersonal skills are essential, as is considerable commercial awareness.

Please reply to Christopher Evans in strict confidence with details of career and salary progression, education, qualifications and age, quoting reference 5293/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

FINANCIAL ANALYST
A PAN-EUROPEAN CHALLENGE

Negotiable salary+car

Based in Hampshire

Amdahl is an innovative international company at the forefront of mainframe computer systems development. We have earned a reputation for excellence and continually strive to reach new heights in the quality and capability of our products and services. Now, we have an opportunity for a Financial Analyst who shares our philosophy to join the finance team based at our European headquarters in rural Hampshire.

You will be responsible for internal performance reporting and the provision of financial management information relating to all our operating companies throughout continental Europe and Scandinavia. Supporting the smooth operation of the budget process, you will also act as financial consultant — providing policy guidance, technical support and back-up to the country organisations.

A graduate and fully qualified accountant (ideally ACA), you will require at least 3-5 years' post-qualifying experience. Excellent communication skills are essential and, as some travel is involved, a knowledge of European languages would be an asset.

The highly competitive remuneration package is negotiable according to the breadth of your experience and attractive benefits include a company car, a non-contributory pension scheme and medical insurance. Generous relocation assistance will be given, where appropriate.

If you are ready to meet new challenges in a successful and growing company please write with full personal and career details to, or telephone: Martyn Hawkins, Manager Human Resources, Amdahl International Management Services Limited, Dogmersfield Park, Hartley Wintney, Hampshire RG27 8TE. Telephone 0252 346204.

amdahl

Deputy Chief Accountant

The City **c.£35,000 + Car & Benefits**

The City of London District is the flagship of British Telecom's 28 UK Communications Districts. We are at the forefront of technological change to meet the increasingly sophisticated telecommunication and information technology needs of the world's foremost financial centre.

Due to promotion, we now seek a qualified and experienced accountant to join a progressive and fast-moving finance management and accounting environment employing in excess of 150 staff, including professional accountants, dealing with forecasting, monitoring and control of income and expenditure.

Candidates should be ambitious and proactive self-starters capable of advising senior managers in business planning, financial appraisals of bids and accounting developments.

A salary of c. £35,000 p.a. is offered together with car and benefits normally associated with a company of our international standing.

A full c.v., indicating current salary and daytime telephone number (which will be used with discretion) should be sent to Amanda Harris, British Telecom, City of London District, St. Giles House, 1 Drury Lane, London WC2B 5RA.

CITY OF LONDON DISTRICT
Providing better business connections

British **TELECOM**
British Telecom is an Equal Opportunities Employer.

Financial Directors

InterExec SMI are the pre-eminent providers of Career Management Services for Executives and Employers. These include the only confidential Career Development Service specifically designed to assist the most senior and busy executives.

If you are seeking to advance your career at Board level or are being offered Outplacement, please phone us first to arrange an exploratory meeting without obligation to establish whether Career Development could enhance your prospects.

InterExec SMI Plc,
Landseer House, 19 Charing Cross Road,
LONDON WC2H 0ES. Telephone: 01-930 5041

Senior Financial Managers

GROUP FINANCIAL CONTROLLER
MARKETING SERVICES
£28,000 + car + bonus

Our client is a quoted plc, based in London W1, with a dynamic record of growth. With a strong, expanding client base, it is one of the leading forces in its sector.

The need now is for a young (preferably 27-30) ACA to come in as No. 2 to the Director of Group Finance. Key responsibilities include financial and management accounting, budgets, cash management and commercial advice to business units. Initially, *however, the major challenge* will be a *complete* systems enhancement.

Candidates – bright and *enthusiastic* achievers – should have service industry experience. Strength in systems is vital.

Please write with full c.v. and details of current remuneration to John Little (Ref. 1607) at Bull Thompson & Associates Limited, 63 St. Martin's Lane, London, WC2N 4JX, who is advising on this appointment.

Bull Thompson

LONDON · BIRMINGHAM · LEEDS · MANCHESTER

Hoggett Bowers

Group Financial Controller

International Responsibilities

Thames Valley, ***c £45,000, Car***

The client is a highly profitable billion pound plus UK public company with manufacturing and engineering interests throughout the world. The responsibilities of the job encompass profit and loss analysis, detailed evaluation of working capital and capital spending proposals for a group of companies worldwide. A full appreciation of these operations and their markets is essential before undertaking the task. Reporting to the group finance director, the position represents a senior management post with supervisory responsibility and a good deal of overseas travel. As a graduate F.C.A. qualified, you should possess extensive post qualification experience in a manufacturing or industrial environment. Probably aged 35-50, with proven experience in financial analysis, forecasting and planning, you would also be expected to play an influential part in assessing the viability of acquisitions. The position calls for a highly motivated individual with well developed communication skills and astute commercial awareness. The ability to converse in another European language would also assist in taking full advantage of this challenging position.

J.W. Conchie, **Hoggett Bowers plc**, *George V Place, 4 Thames Avenue,* **WINDSOR**, *SL4 1QP*, **0753-850851, Fax: 0753-858338.** *Ref. W20014/FT.*

Young Financial Controller

Board Level

Service Industry Operation

London, ***To £35,000, Car***

This two year old £19m turnover autonomous UK division of one of the world's largest high value manufactured products companies, now seeks a qualified chartered accountant to take responsibility for all accountancy and company secretarial matters. A proactive role, the incumbent will be expected to participate fully in strategic decision making in addition to providing advice and guidance to senior operating management. Ideally aged 28-35 and working in either industry or private CA practice your experience to date will have provided you with all the necessary skills to maintain the company's computerised accounting system and you will now be seeking a role at the highest level upon which to build your future. The parent company is French and whilst an understanding of the French language is desirable, a willingness to learn is the only pre-requisite.

A. Ingleson, **Hoggett Bowers plc**, *7 Lisbon Square,* **LEEDS**, *LS1 4LZ*, **0532-448661, Fax: 0532-444481.** *Ref. L21010/FT.*

Business Analyst

Packaging

Bristol, ***c £20,000, Car, Benefits***

With recent acquisitions increasing its turnover internationally above £200m, Courtaulds Packaging offers an excellent opportunity for career progression in one of its UK based operating companies which has recently benefitted from a £12 million investment programme. Reporting to the financial controller you will perform the dual role of assisting in the preparation and analysis of information on mainstream activities plus the provision of separate management data on new products being introduced into the portfolio. A flair for developing PC-based information systems and the interpersonal skills to make an effective contribution as a member of a multi-discipline project management team would be major assets. Probably a graduate in your mid twenties and a qualified/finalist (CIMA) accountant you will receive a competitive salary, car and other large company benefits.

D. Pottier, **Hoggett Bowers plc**, *30 Queen Square,* **BRISTOL**, *BS1 4ND*, **0272-298433, Fax: 0272-279714.** *Ref. D16015/FT.*

These positions are open to male or female candidates. [illegible]

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR
A Member of Blue Arrow plc

OIL AND GAS EXPLORATION
CHIEF OPERATIONS ACCOUNTANT
c.£26,000 + CAR Central London

Ranger Oil is a successful independent whose activities have been concentrated in the UK North Sea since the discovery of the Ninian Field in 1974. It now operates 10 exploration licenses in the UK and France and is on the threshold of operating its first North Sea development project. Ranger has interests in 70 blocks, including eight awarded in the UK Eleventh Round.

As part of its current expansion, Ranger is seeking an enthusiastic and commercially minded accountant to take charge of day to day operations accounting. Leading a team of four, the *Chief Operations Accountant will be responsible for all the Company's operated and non-*operated joint venture accounting records, billings, audits and management reports, *together with the associated controls and procedures.*

The ideal candidate will already be working for a North Sea Operator and will have in-depth experience of Joint Venture Accounting. Maturity, an organised hands-on approach, willingness to accept responsibility and well developed interpersonal skills are required for this positon.

We believe the Company offers its staff a *stimulating* and challenging environment, together with genuine opportunities *for* personal growth and achievement. In addition to salary, a first-class benefits package is included.

In complete confidence, please write with CV to:-

The Administration Manager
Ranger Oil (U.K.) Limited
Ranger House,
71, Great Peter Street,
London SW1P 2BN

Can your financial skills create a forest?

The Countryside Commission needs the assistance of an experienced financial adviser to help develop the idea of *creating a major new forest.*

We are looking for someone with considerable experience in
– raising private and public capital for project development
– public sector administration
– modelling and projecting cash flows
– developing robust institutional frameworks

He/She will work on a contractual basis for a total of approximately 4 months during late 1989 and early 1990, based in Cheltenham.

If you think you have the skills to help, write to us at the *address below by 26th July. Your c.v., present or proposed* monthly salary and other details should occupy no more than 4 pages.

Pam Gilder, Countryside Commission,
John Dower House, Crescent Place,
Cheltenham, Glos. GL50 3RA.

Countryside COMMISSION

FINANCE DIRECTOR DESIGNATE

Waltham Cross
from £40,000 + stock options + car

This is an exciting opportunity to join a medium sized company, well established in the international leisure industry.

As well as managing the day-to-day accounting function the finance director will assume responsibility for controlling the company's cashflow resources. This is likely to involve identifying and assessing alternative sources of funding as and when required. The finance director will also play an active role in identifying new opportunities for the company.

Candidates are likely to be aged 30-35 and will be qualified accountants. Experience gained in a heavily sales and marketing oriented environment will be a decided advantage.

Please send brief personal and career details, quoting reference F/279/F to Frances A Bell.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU

FINANCE DIRECTOR - DESIGNATE
£28K + BONUS + CAR

An exciting *opportunity* exists in a Computer Service Company for an ambitious, qualified accountant with 2-3 years commercial experience to work closely with the Managing Director to assist in:

- successful integration of recently acquired business
- implementation of company computer systems
- review of staff incentive schemes

Apply in strict confidence to:
Robin Adda FCA,
Managing Director,
C/WP Computers,
235 Southwark Bridge Road,
London SE1 6NN

C/WP COMPUTERS
INTEGRATED COMPUTER SERVICES

APPOINTMENTS WANTED

ACCOUNTING CONSULTANT AVAILABLE

Just completed last project of over 12 months and is now *ready for short or long term accounting assignments,top* class accountant with over twenty five years experience.Excellent recommendations as a successful achiever and motivator up to the highest level.

Please Contact:Mr. David Paton,2nd Floor,Wells House, 77-79 Wells Street,London,W1.Tel:01 580 5522.

Chief Financial Accountant

High Wycombe **c. £34,000 + bonus + car**

The G. D. Searle UK Group, a subsidiary of the US multinational G. D. Searle & Company, generates a UK turnover of some £40m from the sales of ethical pharmaceutical and consumer products. Ambitious growth plans are based on exciting new product launches and new European joint ventures.

Reporting to the Finance Director, you will manage the financial accounting function for diverse operating divisions and prepare financial and tax reports against exacting time-tables set by the US head office. There is also a major systems review in prospect.

You will be a qualified accountant, probably Chartered or Certified, with at least five years' post-qualification experience, preferably with a US multinational. Good managerial skills are essential, as is personal graft and initiative.

The excellent benefits package includes performance-related bonus, fully expensed car, contributory pension scheme and medical insurance.

Please write – in confidence – with career and salary details to Peter Evans, Ref. B.49404, MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL.

MSL International

Business Development Executive

Service Industry

Sevenoaks, Kent **c£30,000**

Our client is a £250m. plus turnover company which has grown rapidly over the past 6 years both at home and abroad. The main area of activity is office equipment sales and servicing.

The person to be appointed will report to the Business Development Manager, but will be involved in working closely with the Group Chief Executive and Group Finance Director.

This is a wide-ranging role, including profit improvement studies, budget reviews and the investigation and appraisal of acquisition targets.

Candidates, ideally in their late 20's, should be graduates with a post-graduate MBA. A minimum of 3 years' previous relevant experience in a successful industrial company, consultancy or investment organisation is required. They will need to demonstrate an ability to effectively communicate with senior Group and Divisional management.

There is an attractive salary and benefits package including car. This is an excellent opportunity to play a central role in the further growth of this exceptional company.

Please write – in confidence – stating how the requirements are met to Tim Neame, quoting reference FT. 8048, at MSL International (UK) Ltd., 32 Aybrook Street, London W1M 3JL.

MSL International

FINANCIAL CONTROLLER INSURANCE

READING

The Insurance Marketing Services Division (IMS) of Hogg Robinson & Gardner Mountain Insurance Brokers Limited is seeking to appoint a Financial Controller by September 1989. This rapidly developing Division specialises in the creation and administration of affinity Group insurance programmes.

The successful candidate would be responsible for a wide range of accounting functions. He/she will also be responsible for high volume entries onto a digital computer system, liaising with in-house specialists over systems requirements, hardware and PC's.

Working in tandem with the Managing Director (IMS) and reporting to the Group Finance Director, the Financial Controller heads up a four-strong team providing information and advice on all related financial concerns.

Applicants for the position should be qualified Accountants with proven commercial and computing experience. Technical ability, commitment and motivation are as essential as a "hands on" operating style.

You would expect a benefits package including:
* Salary up to £25k depending on age and experience
* Performance related bonus
* Company Car
* Other excellent benefits associated with a major British financial services organisation.

Apply in confidence, including a comprehensive CV and salary history to:
Cleo Bowen (Mrs),
Recruitment Officer,
Hogg Robinson &
Gardner Mountain
Insurance Brokers Limited
Lloyd's Chambers,
1 Portsoken Street
London E1 8DF

HR GM International Insurance Brokers

FINANCE DIRECTOR (DESIGNATE)

Telford **£35-40K + car**

Blockleys Public Limited Company, a highly successful and very profitable £18M turnover company, manufactures high quality building products for an impressive range of customers. The company has **developed through major expansion** over the past few years, and is currently developing **new investment potential** which may lead to **acquisitions,** and they now seek a **Chartered Accountant** with senior management experience, preferably in the building or allied industries to assist the current Financial Director prior to **taking over the Finance function at Board level.** Knowledge of acquisitions and corporate finance is desirable. The ideal appointee will be aged 35-40 and possess the drive and enthusiasm to work with a committed and strong management team.

Benefits include an executive car, a contributory pension scheme, BUPA, life assurances and executive share options. Relocation expenses are available if required.

For further details and an application form, please write to Brian Hayden, Senior Consultant, 3i Consultants Ltd., 34 Park Cross Street, Leeds LS1 2QH, or telephone 0532 459469 (24 hours) quoting ref. no. BH/883

3i Consultants Ltd
Human Resources

3i A WEALTH OF EXPERIENCE

Ambitious Young Accountant
£25,000 + Car Kensington
Education and Publishing Group

BPP Holdings plc is expanding rapidly, both organically and by acquisition. The strength of the group's stockmarket rating reflects both the current buoyancy and the future growth potential of its area of operations.

An opportunity now arises for an ambitious, qualified accountant to join the group. As part of a team of energetic professionals, the successful applicant will be responsible for establishing targets and controlling the financial performance of several operating companies.

BPP's policy is to recruit the brightest and most energetic young people. A first class academic background and demonstrable communication skills are regarded as essentials. The remuneration, benefits and future prospects offered fully reflect these requirements.

Applications, with CV, in confidence to Helen Martin, at the address shown below.

BPP

BPP Holdings plc, Aldine Place, London W12 8AA. Telephone 01-740 1111.

Financial Director

S.E. Wales **c£40,000+car+bonus**

Established private manufacturing and distribution company in accelerated growth programme, organically and by acquisition, needs exceptional accountant to help company keep pace with all this. Job interest and rewards will both be exceptional. Relocation expenses, of course.

Candidates must be qualified accountants aged over 30 with good experience of acquisitions, control systems, treasury and IT, of high intelligence, communicative, with considerable negotiating skills and a modern management approach.

For fuller details write in confidence to John Courtis at JC&P, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and quoting 7217.

John Courtis & Partners
Search and Selection

FINANCE MANAGER

c.£25,000
+ Banking Benefits

City

As one of the most respected names in the financial services sector our Client, a major securities house, seeks to recruit an ACA (aged 25-29). The position has arisen as a result of a recent expansion programme in all areas of business.

Working as part of a young central team in a fully computerised environment responsibilities will embrace TSA, Bank of England and Group reporting. Exposure to the core areas of business together with staff supervision make this the ideal first move from the profession.

Candidates will be newly qualified graduates from a large professional practice. Experience of financial services is not necessary. An out-going and confident personality together with previous exposure to computer systems is essential. Promotion prospects are outstanding either within the Group function or out to a product area.

Please apply directly to Richard Carter at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 0344 885911. Alternatively, fax your details on 01-836 4942.

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RH ROBERT HALF LONDON

TO BE DISTRIBUTED FREE TO ALL UK FINAL YEAR STUDENTS

-GRADUATE - RECRUITMENT

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FINANCIAL TIMES
COMPANIES & MARKETS
Thursday July 20 1989

INSIDE

Swimming against the tide

Not many stockbrokers travel to the office from a remote island by small boat, ferry and car, but in the summer months Mr Mats Söderberg of Sweden does just that. He is also unusual in that he and his partners have formed their own firm at a time when the rate of turnover in securities is dwindling – but then you have to be an optimist to be in the stockbroking business, claims Mr Söderberg. Page 44

Oil and Greece

Greece's new government has asked Denison Mines for an extension of 30 days to give it time to consider making an offer for the Canadian company's controlling stake in the North Aegean Petroleum Company. NAPC operates the only commercial oil and gas field in Greece and, should the government take absolute control of the north Aegean oil concession, it might ease the way towards a settlement of the Aegean continental shelf dispute with Turkey. Page 21

Oh, sunflower of Scotland

If the so-called greenhouse effect pushed up temperatures by 3 per cent over the next fifty years, what would be the effect on UK agriculture? Would the grass grow for most of the year and sunflowers be harvested in Scotland? Or would Britain become much drier as well as hotter, with traditional products like potatoes, milk or sugar beet giving way to sorghum, soyabeans or tobacco? Such questions were addressed last week at a conference organised by Reading University's Centre for Agricultural Strategy. Bridget Bloom reports. Page 20

Arguing over the junk

The controversy over high-yield, or junk, bonds has been rekindled recently by a row between two US academics over default rates for the bonds. Stephen Fidler and Norma Cohen examine a third study, by Moody's Investors Service, that throws fresh light on a matter that has unsettled the $190bn US junk bond market. Page 28

He who dares may win

From the moment that Anglo United, the fuel distribution group, announced its daring takeover offer for Coalite, a far bigger competitor, it was clear that it was going to be a hard-fought contest. However, with acceptances believed to total between 28 and 32 per cent of the capital, as well as an 8.4 per cent stake in hand, Anglo is showing every indication, that by the offer's final close next Tuesday, it could push through the 50 per cent barrier, writes Ray Bashford. Page 28

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Aachener				Facom	1306	+	92.1
Munch	917	+	25	Pernodes	3445	+	208.7
Daimler-Benz	729	+	12	Radio Tech	575	+	30.5
Preussag	298.8	+	12.8	Sextant	655	+	31.4
Schering	672.5	+	14.5	Falls			
Falls				Pechiney	390	–	9.5
Beiersdorf	552	–	16	Raffinage	175.3	–	4.6
Hoechst	249	–	12				

NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Honeywell	$83\frac{1}{8}$	+	$\frac{7}{8}$	Meiji Machine	962	+	82
Lotus Dev	24	+	$1\frac{1}{2}$	Shokusan Jutaku	1260	+	130
Philip Morris	148	+	2	Taisei Prefab	1110	+	90
Quantum	$23\frac{1}{4}$	+	$1\frac{3}{8}$	Tokyo Seimitsu	1060	+	95
Tandem Compt	19	+	$1\frac{1}{8}$	Falls			
Falls				Arisawa Mfg	2660	–	440
Goodrich (BF)	$62\frac{3}{8}$	–	$1\frac{1}{8}$	Takigami Steel	1320	–	180

New York prices at 12.30

LONDON (Pence)							
Rises				Pearl	527	+	35
AMEC	473	+	10	Ryan	165	+	13
Arlington	348	+	33	Smallshaw (R)	93	+	15
Body Shop	573	+	55	Wace	419	+	23
Brit Aero	741	+	20	Warburg (SG)	374	+	14
Cadburys	459	+	16	Wellcome	458	+	15
Caledonia	399	+	15	Williams Hldg	272	+	16
Coalite	464	+	14	Falls			
Dowty	261	+	11	Bulmer (HP)	175	–	12
Glaxo	1425	+	34	De La Rue	325	–	34
Greycoat	650	+	11	Hewitt (J)	142	–	13
Jaguar	420	+	41	Stead & Sim 'A'	154	–	15
London & Man	307	+	14				
P&O Dfd	698	+	19				

Top management upheaval at SGS

By William Dullforce in Geneva

SOCIETE GENERALE de Surveillance (SGS), the Swiss inspection services group, is in the throes of a management upheaval. Mr Philippe de Weck, chairman, and three other directors have resigned and Mr Patrick Rich, managing director, has also left the group.

With a turnover last year of SFr1.68bn ($1.1bn), SGS is the world leader in its field. The directors' resignations were prompted by the decision of the majority shareholders, descendants of the founding families, to call an extraordinary general meeting on September 11. Mr Fritz Leutwiler, former President of the Swiss National Bank, is among those leaving.

Mr Rich has made no statement but his departure, effected in agreement with the board, is understood to be due to his disappointment over the troubles caused by his management style and difficulties in implementing his strategy.

The nub of the conflict revolves around SGS's inability over the past year to use its SFr1bn cash kitty to expand, and differences over the direction of its future development.

Mr Rich is understood to have wanted to make a major acquisition in the US but he had also been frustrated by SGS's failure to seize two or three earlier takeover opportunities, allegedly because of the board's indecision.

Mr Jean-Bernard Houriet, spokesman for the majority shareholders, said the younger generation of the controlling families intended to use SGS's cash for "diversification in areas not judged to be too far away from its basic business." They saw enormous untapped potential in inspection and control services, the creation of the European single market and in environmental and drugs control.

Mr Rich is being replaced from August 1 by Mr Claude Goldberg, a senior general manager who has spent his whole career with SGS. Mr Rich joined the group from Alcan just over two years ago.

Mr de Weck is expected to be replaced as chairman by Mrs Elisabeth Salina Amorini, a 34-years-old lawyer who is a granddaughter of one of the company's founders and deputy chairman since last year. She will be joined on the board by Mrs Katrin Langloh, 36, an economist, who is also a descendant of a founder, and Mr John Craven, 48, chief executive of Morgan Grenfell the UK merchant bank, who is described as a personal friend of the families.

The families hold 50-60 per cent of the stock. Union Bank of Switzerland, which was represented on the board by Mr de Weck, holds 12 per cent. Pictet, the private bank, controls 8 per cent and was represented on the board by Mr Claude de Saussure, its former senior partner and President of the Swiss Bankers' Association. Mr de Saussure, 70, is among those resigning but he was due to retire and will be replaced by Mr Guy Demole, a Pictet partner.

Last year SGS posted a 17 per cent increase in net consolidated earnings to SFr124.6m and in his resignation statement Mr de Weck said the forecast of a further sharp profit advance in 1989 had been fully met in the first six months.

The Swiss stock market has so far reacted favourably to the changes at the top of SGS. Yesterday its share price advanced by SFr225 to SFr5,550.

Hoylake slips up with BAT filings

By Nick Bunker in London

HOYLAKE, the investment vehicle for Sir James Goldsmith's £13bn takeover bid for the UK's BAT Industries, found itself unexpectedly on the defensive last night after it emerged that there was a small but embarrassing error in filings which its lawyers have deposited with state insurance regulators in the US.

The filings turn out to have over-stated the success fee to be paid to Hambros, Hoylake's merchant bank, by mistakenly giving them in pounds sterling, rather than in US dollars.

BAT seized last night on Hoylake's discomfiture, saying there could be other inaccuracies in the filings. "If they can get their merchant bank's fee wrong, one wonders how much else is wrong," said Mr Michael Prideaux, a BAT spokesman.

Debevoise & Plimpton, one of Hoylake's New York law firms, deposited the filings, known as "Form A's", with state insurance commissioners last week, because of their jurisdiction over BAT's Farmers Group motor and home insurance subsidiary. According to the text of Hoylake's Form A's, Hambros would receive £30m if the bid succeeded, or £5m if it failed.

Late yesterday though, Hambros released a brief statement saying the figures should actually have read $30m and $5m. There had been what Lowe Bell Financial, the public relations firm acting for Hoylake, called "a mis-filing" on Hoylake's side.

Elsewhere in the battle for BAT yesterday, a few more details surfaced of the role of foreign investors, including the French-based Paribas group and the Agnelli family, which plan to take stakes in Hoylake's bid.

In Turin, the Agnelli family's IFI holding company said it had made "only a very small" investment in Hoylake as a short-term exercise, and would not play an active role in the bid.

Over the next week though, the action in the BAT/Hoylake drama is switching to the lunch-rooms of the City of London and to Scotland's financial community, as Sir James begins putting the case for the bid in a series of meetings with fund managers with stakes in BAT.

According to several large UK institutional investors, James Capel, Hoylake's stockbroker, has been sending out dozens of invitations to leading fund managers, asking them to a series of lunch and dinner parties to meet Sir James. This first round of meetings is expected to end with trips to Edinburgh and Glasgow.

Slugger who insists it ain't over till it's over

Robert Thomson on a Japanese businessman's battle to save his plan for a shake-up of the retail industry

MR Shigeru Kobayashi, property developer, equity investor and good friend of a just retired US President, is a man accustomed to getting his way.

Yesterday, though, he showed uncharacteristic concern at the fate of his alleged grand plan to restructure the Japanese distribution and retailing industries that has begun with a spate of hostile stake-building.

Chujitsuya and Inageya, two supermarket groups, propose to take significant stakes in each other through a discounted share issue that will dilute the unwelcome holdings of his privately-owned Shuwa stakes, disclosed at 33.4 per cent in the former and 21.4 per cent in the latter.

The battle entered a Japanese courtroom this week as Shuwa seeks to block the share swap on the grounds that the price at which it is being made is unreasonably low.

According to Mr Kobayashi, the deal threatens Japan's reputation as an international financial centre. Certainly, the court's decision, expected early next week, will influence future merger and acquisition attempts in Japan and set standards for the validity of creative defences to hostile purchases.

"I am paying these people to make sure I do not lose," said Mr Kobayashi, gesturing at five lawyers who sat with him at a rare press conference in Tokyo.

The prospect of defeat in the battle drew allusions to baseball and the Japanese army from Mr Kobayashi, who explained that even if you are in the last inning of a baseball game and down eight runs to nothing, the contest is not over.

His position at present is not so dire, though a longtime friend and key player in this match – Mr Nobotsugu Shimizu, chairman of Life Stores, another retailer – has suggested that the complicated game could be lost.

"Mr Shimizu is not incorrect and I am correct. Both of our views are appropriate," said Mr Kobayashi, clearly not wanting to criticise his friend, who was to head a large retailing chain as part of the grand plan.

If events proceed as planned, the chain would have annual sales of Y1,000bn ($7.1bn), putting it in the class of the largest Japanese retailers.

The planned group would include the family-controlled Chujitsuya (78 stores) and Inageya (102 stores) as well as Nagasakiya, an apparel specialist, and Mr Shimizu's Life Stores. Asked by Japanese reporters about the history behind the influential Mr Shimizu's involvement, Mr Kobayashi yesterday revealed that the pair had occupied adjoining beds in a military hospital during the Second World War.

He also said that a sealed envelope given him by Mr Shimizu, who is ill at present, would shed light on the validity of his claim, though it could not be opened at the press conference. Then he hinted that he had documents that contained dirt on the two unco-operative companies.

Mr Kobayashi is not to be taken lightly. Apart from his friendship with Mr Ronald Reagan, his company has assets valued at about $10bn, including about 50 office blocks in Japan and 40 in the US – he once said he would like to own at least one building in each of the 50 states. He has cultivated friends in high places in the two countries with such philanthropic acts as donations to the Los Angeles Museum of Contemporary Art and the city of New York.

In this case, Mr Kobayashi sees himself as misunderstood. "I am like the new boy at school who is bullied by the boys who have been there for a longer time," he said. He rejected the proposition that he has only a short-term interest in Chujitsuya and Inageya, and claimed a deep and abiding fascination with retailing and distribution, though he conceded that he needs to learn a few tricks of the trade and that he himself would not manage the new group.

Despite the court case and the acrimony, he likes to think that a good relationship is not out of the question with the two retailers he has taken to court.

While Mr Kobayashi was yesterday accompanied by the clutch of lawyers, Chujitsuya and Inageya have hired Nomura Wasserstein Perella, the corporate finance company established last year by Nomura Securities and Wasserstein Perella, the New York mergers and acquisitions specialist.

Under their cross-holding plan, which the two retailers say is unrelated to the Shuwa offensive, Chujitsuya will issue 22m shares

Shigeru Kobayashi: sees himself as misunderstood

to Inageya at about a 75 per cent discount, and Inageya will issue 12.4m shares to Chujitsuya at about a third of the market price. The companies argue that the prices are fair, given that the market level has been inflated by Shuwa's buying.

The chairman of the Japan Securities Dealers' Association, Mr Yoshio Yokota, who is also chairman of Yamaichi Securities, said that new share issue prices should correspond with market prices. While he was obviously referring to the retailers' defensive strategy, Mr Yokota said the Tokyo District Court must decide if the prices are too low.

Mr Yokota said that if a proposed 5 per cent stock notification rule requiring investors to report holdings above that figure to the Ministry of Finance was implemented, the awkward situation of a predatory company suddenly becoming the largest shareholder of another company would not arise.

In the retailing industry the battle is also being closely watched, and not without sympathy for Mr Kobayashi's ideas. Yesterday the presidents of two of the largest stores chains – both of whom he had previously identified as people with whom he could do business – expressed a willingness to become involved.

Mr Isao Nakauchi of Daiei was quoted as pledging: "If asked, I should like to consider working out a deal satisfactory to all the parties concerned." At the rival Ito-Yokado, Mr Masatoshi Ito went on record as saying: "I told Mr Kobayashi that I would co-operate with him as much as I can."

Time reports modest profits rise

By Anatole Kaletsky in New York

TIME INC, the leading US broadcasting and publishing company, which is planning to merge later this month with Warner Communications, reported modest improvements in earnings and revenues in the second quarter.

Time's announcement came one day after the publication of results from Warner which showed much stronger growth in that company's businesses.

Mr Richard Munro, Time's chairman, noted that the record earnings reported by Warner from each of its core businesses gave "further evidence of the enormous potential of the combined Time Warner enterprise".

Time reported net income of $94m or $1.61 a share in the second quarter, up 12 per cent on the $84m or $1.45 it made a year ago. However, much of the advance in profits was attributable to an accounting quirk connected with a $12m annual dividend from Turner Broadcasting System. Time's revenues increased by 10 per cent to $1.22bn.

Warner made net profits of $88m or 46 cents a share in the second quarter, up 19 per cent on the $70m or 38 cents a year earlier.

Excluding a one-time gain of $34m in the year earlier quarter, Warner's underlying earnings increased by 79 per cent, partly as a result of booming results in its film division, which has just released Batman, a record-breaking hit. Warner's quarterly revenues increased by 9 per cent to $1.2bn.

The sectoral breakdown of Time's results showed operating income from magazines increasing by 2 per cent to $92m on revenue gains of 8 per cent. Advertising revenues were up by 11 per cent and circulation revenues grew by 5 per cent.

The book division enjoyed a 43 per cent improvement in operating profits, to $30m on a revenue gain of 18 per cent.

The TV programming business increased its income by 44 per cent to $52m, but this comparison was inflated by the $13m payment from Turner Broadcasting, which was recorded in the third quarter last year. Revenue gains in Time's highly prized Home Box Office pay-cable business were only 3 per cent.

The cable television segment reported a 32 per cent increase in operating profits to $62m. But this was partly due to the consolidation of Memphis CATV, a cable group which was 49 per cent owned until the end of last year and was previously accounted on the equity method.

However, the year-earlier figure was distorted downwards by the inclusion of losses from Lorimar Telepictures, a company Warner acquired in January this year.

BAe bids £278m for Arlington

By Paul Cheeseright in London

BRITISH AEROSPACE yesterday made an agreed £278m ($450m) takeover bid for Arlington Securities, the property development company, in a move to inject strong management into its big property portfolio and add a new earnings stream to the group.

Extensive property assets were acquired by BAe as part of its purchase from the British Government of Royal Ordnance and Rover, the motor group, leading to accusations that it might have bought the companies too cheaply.

However, Professor Roland Smith, BAe's chairman, yesterday sought to rebuff claims that exploitation of its property was asset stripping. He also stressed that the group was not turning away from its mainstream business of defence equipment, commercial aircraft and motor vehicles but was "breathing new life into surplus assets."

Although the Arlington bid had been widely expected, yesterday's offer set off heavy trading in Arlington shares which rose 33p to 348p. BAe shares, which were also affected by yesterday's European Community announcement paving the way for increased foreign shareholdings in the company, ended 20p higher at 741p.

For every three Arlington ordinary shares, BAe is offering 10 new cumulative convertible redeemable preference shares with a cash alternative.

The preference shares, carrying a dividend of 7.75p net, are convertible from 1992 at 885p for each BAe share. This part of the offer puts a value of 350p on each Arlington share. The cash alternative, on the other hand, is worth 333.3p for each share.

Conversion of the preference will result in the issue of 32.8m new BAe ordinary shares, or 11 per cent of the enlarged capital of the group.

The Arlington directors, who control 15 per cent of the equity, are taking the preference share offer. They are also subscribing £4.99m of their own money for a 49.99 per cent stake in a £10m management company which will run the property interests of the merged companies. BAe is subscribing for a 50.01 per cent stake. There is a profit-sharing arrangement, the details of which have not been disclosed.

The effect is to lock the Arlington directors into British Aerospace. The running of Arlington's extensive business park, retail and leisure properties, however, will carry on as before and their financing arrangements will not be affected.

Lex, Page 18

AMR breaks record despite erosion of fares

By Roderick Oram in New York

AMR, parent company of American Airlines, the largest US carrier, has turned in record profits for the fourth successive quarter despite a large increase in its capacity and some erosion of fares.

Net earnings for the three months ended June rose $25.6 per cent to $177.9m, or $2.83 a share, from $141.4m, or $2.36, a year earlier. Revenues grew by 25.5 per cent to $2.72bn from $2.16bn.

First-half profits were $278.9m, or $4.43 a share, against $209.8m, or $3.49, on revenues that rose 25.2 per cent at $5.17bn against $4.13bn a year earlier.

"Although the quarter was one of growing fare instability, our strong traffic, successful revenue management and continued attention to controlling unit costs all helped produce another record earnings performance," said Mr Robert Crandall, chairman.

The company also set a new monthly traffic record in June, followed by a daily record on June 30 when it flew 277.4m revenue-passenger miles at a load factor of 83.5 per cent. American led the domestic market with a 21.8 per cent share during the quarter.

In the latest three months, AMR's yield, or revenue per passenger mile, increased 2.8 per cent to 12.17 cents.

Operating expenses increased 26.3 per cent and capacity increased 17.8 per cent, making unit costs 3.8 per cent higher. Its load factor was 65.3 per cent, up 0.7 point from a year earlier.

AMR is favoured by Wall Street analysts, who are forecasting earnings per share for the full year of around $9, up from $7.92 last year.

Some of its increase in traffic is attributable to the strike at Eastern Airlines, particularly at San Juan and Raleigh/Durham airports. But American Airlines and its commuter airline subsidiary American Eagle have been expanding their own routes as well.

● Leaders of the Eastern Airlines pilots' union rejected a proposal that called for 35 to 40 per cent of the pilots to go back to work, ending a brief period of progress in negotiations, AP-DJ reports.

Meanwhile, the Texas Air unit acknowledged that it was unlikely to meet the ambitious flight schedule announced for August.

Bargaining is expected to continue, but neither side holds out hope of progress.

The union and the company declined to comment yesterday on the negotiations.

Strong cigarette side boosts Philip Morris

By Anatole Kaletsky

PHILIP MORRIS, the US tobacco and food conglomerate, reported strong results for the second quarter as its cigarette operations continued to gain market share and increasing operating earnings more than offset the heavy acquisition costs of the Kraft food business, which Morris bought last year.

The company's net earnings in the second quarter were up 22 per cent at $745m or $3.22 a share. A year ago, before the Kraft acquisition, Morris earned $611m or $2.61. Operating earnings, excluding taxes and the interest and goodwill costs incurred in the Kraft takeover, were up 45 per cent at $1.91bn.

The company's total operating revenues advanced by 46 per cent at $11.6bn.

Mr Hamish Maxwell, chairman, said operating revenues at Philip Morris USA, the domestic tobacco division, were up in the latest quarter as a result of gains in volume and market share.

Philip Morris International, the overseas tobacco business, also increased revenues and added 7.6 per cent to its unit volumes in the second quarter.

General Foods USA produced higher operating revenues, as did Kraft USA. Meanwhile Kraft General Foods International recorded higher unit volume but slightly lower operating revenues.

General Dynamics warns of further provisions

GENERAL DYNAMICS, a leading US defence contractor, took a further charge in the second quarter in connection with its attack submarine programme and warned that such charges could continue for some time, writes our Financial Staff.

The group, which produces the F-16 fighter and is involved in a joint fighter project with the Japanese, took $50m in charges in the latest second quarter on the SSN688-Class attack submarine programme.

It added that production problems at its Electric Boat division could mean charges against earnings would continue to 1996.

General Dynamics blamed a shortage of qualified labour in the New England area and lower than anticipated productivity, which has slowed work on the submarines and forced it to extend delivery dates. This has resulted in higher than expected costs.

It said: "We may not be able to avoid further charges before 1996 when we deliver the last 688 currently under contract."

Second-quarter net income rose to $58.4m or $1.39 a share compared with $46.7m or $1.11 last time, when there was a charge of $53m relating to the programme. Sales for the period were $2.5bn, compared with $2.4bn. At the halfway stage net income edged ahead to $133.6m or $3.20 from $132.4m or $3.15 on sales of $4.9bn, against $4.8bn.

Honeywell leaps 137% to $74.7m

By Karen Zagor

HONEYWELL, the US electronic controls and defence equipment group which has been the subject of persistent takeover rumours, yesterday reported soaring second-quarter earnings.

Net income for the three months ended July 2 leapt 137 per cent to $74.7m or $1.73 a share from $31.6m or 75 cents the previous year. Sales were up by only 1.8 per cent to $1.78bn.

Excluding extraordinary items in the 1988 quarter which resulted in an after-tax loss of $28m or 66 cents a share, earnings were up 25.3 per cent.

For the first half, net income rose 54.2 per cent to $137.7m or $3.19 from $89.3m or $2.11 a year earlier on sales which fell 1.2 per cent to $3.45bn from $3.55bn.

The industrial business sector's operating profits were up sharply, led by automation systems. The space and aviation division's operating profits also advanced, thanks to a substantial increase in commercial avionics results and the recovery of the military avionics group, which posted a loss in the 1988 quarter.

Operating profits declined in the home and building automation and control sector due to weakness in construction markets. Profits were also down in the defence and marine systems business, which posted strong results last year.

The Minneapolis-based company said orders for each of its main businesses increased in the second quarter, led by commercial flight systems and industrial control systems.

Shares in Honeywell rose $1¼ to $83½ in mid-session on the New York Stock Exchange.

Monsanto up 10% in second quarter

By Karen Zagor in New York

MONSANTO, the US chemicals and pharmaceuticals group, yesterday reported strong growth in earnings and sales for the second quarter.

Net income for the three months ended June 30 rose 10 per cent to $241m from $220m a year earlier while sales advanced 4 per cent to $2.35bn from $2.26bn. Earnings per share improved more sharply, by 16 per cent to $3.54.

Mr Richard Mahoney, Monsanto's chairman and chief executive, said operating performance was strong across all its main product lines. The company also benefited from good market conditions. "We're pleased with this year's record pace and optimistic about the prospects for a good second half of the year," he said.

The company's best performance came from its agricultural company. Operating income for the division's crop chemicals unit rose to $216m from $184m, led by a 30 per cent increase in worldwide volume for the Roundup herbicide.

"Monsanto has repositioned itself into a new category of company with products that are based on chemistry, but far less affected by traditional chemical industry cycles," said Mr Mahoney. "Our product portfolio is now much less sensitive to economic fluctuations."

Amax slips as gold and aluminium prices fall

By Kenneth Gooding

LOWER aluminium and gold prices hit the second-quarter earnings of Amax, the US natural resources group.

Net earnings for the second quarter were $130.9m or $1.53 a share, compared with $237.9m and $2.64 in the same period of 1988. However, Mr Alan Born, chairman, said yesterday: "Overall, we expect 1989 will be another very good year for Amax."

The figures were distorted by a non-recurring gain from a $125m federal income tax settlement in the second quarter of 1988. Excluding that settlement, earnings showed an $18m improvement in the second quarter this year, Amax said.

In the latest quarter, Amax shipped 57,500 tonnes of primary aluminium compared with 73,500 tonnes in the same months last year. Shipments of fabricated aluminium rose from 145,100 tonnes to 151,900 tonnes. Operating profit from the aluminium business fell from $147m to $144m. However, Mr Born said that aluminium continued to turn in a strong performance.

Amax shipped 69,404 troy ounces of gold, up from 54,109 ounces, in the quarter, but the average realised price fell from $448 an ounce to $417.

Total sales for the second quarter were $1.08bn, marginally up on the $1.03bn for the same months last year.

United Airlines in Frankfurt flights plan

By Roderick Oram

UNITED Airlines, the second largest US carrier, will begin flights to Frankfurt next May as the first step in an ambitious and long-overdue transatlantic strategy.

It remains for now the only major US airline absent from the highly competitive market, an omission which had threatened its ambition to become one of the handful of truly global carriers. In 1985 it bolstered its Far East presence with the purchase of Pan Am's Pacific routes for $750m.

The Atlantic expansion was "one of the most important strategic moves in United's history," said Mr Stephen Wolf, its chief executive.

United had tried previously to make up for its lack of Atlantic routes by a joint marketing agreement with British Airways. The arrangement would continue in cities where the two would not compete.

Its first Atlantic service next May will be daily flights from Chicago and Washington to Frankfurt using Boeing 767 airliners. It has government permission for those routes but will need to seek approval for its other plans.

It hopes to serve London, Glasgow, Paris, Rome, Warsaw and Budapest from New York, Chicago, San Francisco and Washington.

The services will pit it against American and Northwest, two latecomers expanding aggressively in the Atlantic market, and well established US and foreign carriers such as Pan Am, Trans World Airlines and British Airways.

US airlines have some 40 per cent of Atlantic traffic and foreign carriers some 47 per cent with independents and charter operators taking up the balance, according to Airline Economics of Washington.

Among individual airlines, American has 4.7 per cent, TWA 13 per cent, Pan Am 14.2 per cent and British Airways 10.9 per cent.

Minorco admits its debt and equity not welcomed abroad

By Kenneth Gooding, Mining Correspondent

MINORCO, the Luxembourg investment offshoot of South Africa's Anglo American mining group, for the first time has acknowledged widespread difficulties in gaining foreign acceptance both for its equity and its debt as it attempts to expand by acquisition abroad.

Mr Julian Ogilvie Thompson, deputy chairman of Anglo and chairman of Minorco, said the group's plans to use Minorco to build a worldwide natural resources group had suffered sharply from the collapse of its £3.5bn ($5.67bn) bid for Consolidated Gold Fields of the UK.

"It will be a long and difficult process," he said during an interview in Johannesburg.

Mr Ogilvie Thompson accepted that it would now take years to reduce the 60 per cent South African shareholding in Minorco shared between Anglo and De Beers, its sister company, by increasing Minorco's capital base and introducing new shareholders.

Minorco will have about $2bn to spend when it collects the cash for its 30 per cent shareholding in Gold Fields from Hanson, which is now putting the finishing touches to its agreed offer for the mining group.

The Minorco executive management team, headed by Sir Michael Edwardes, chief executive, with Morgan Grenfell, its adviser, are drawing up a list of businesses which Minorco might enter, Mr Ogilvie Thompson said.

However, he agreed that some countries "would not welcome" Minorco because of its South African parentage. Neither would Minorco equity be welcome in the US and it would be difficult to persuade UK and Canadian investors to take the Luxembourg-quoted shares.

He also accepted that in future Minorco might have difficulty finding banks willing to provide it with finance. This was due to the pressures put on Chemical Bank and Bank of Nova Scotia by anti-apartheid campaigners because those organisations helped provide a line of credit for the Gold Fields bid.

However, it would take some time for Minorco to spend its cash hoard, "and the way South African politics are moving I would hope over a period they will come right and this may persuade [the banks] to take a different view of Minorco and its South African links.

"I can't help feeling that sometime in the 1990s there will be this change."

Mr Ogilvie Thompson refused to join in the criticism of the tactics employed by Sir Michael during the Gold Fields battle and described him as "a brilliant man, if a little abrasive at times."

He also said that, although Minorco's reputation was damaged by the US court action which resulted in it having to drop the Gold Fields bid, there was little point in attempting to use the courts to clear the company's name in view of the attitude of the New York judge in past hearings. The same judge would preside if Minorco insisted on taking the case to full trial – a process which in any case would take more than a year.

Rebound in Europe helps Tandem surge by 78%

By Louise Kehoe in San Francisco

TANDEM COMPUTERS, the US manufacturer of computer systems for transaction processing, reported strong third quarter growth.

Net income for the quarter was up 78 per cent at $30.8m or 31 cents per share, compared with $17.3m or 18 cents, on revenues ahead 24 per cent to $420.7m, from $339m last time.

For the nine month period net income was $78.9m or 79 cents, against $64.3m or 65 cents earned in the first nine months of fiscal 1988. Revenue increased to $1.2bn from $930.7m. "Our computer systems business in the US was very strong, Europe rebounded nicely from last quarter and other areas of the world performed as expected," said Mr James Treybig, Tandem president.

The company sited a big order won during the quarter from the California State Department of Motor Vehicles, which will use a Tandem computer system to create what is claimed to be the largest database of its kind in the world.

Mr Treybig said: "We remain cautious about currency movement, but we continue to feel good about the year and we look forward to 1990."

Jefferson edges ahead

By Maggie Urry

JEFFERSON Smurfit Corporation, the 78 per cent owned North American subsidiary of Jefferson Smurfit, the Dublin-based paper and packaging group, showed only a marginal increase in net income in its second quarter to $36.9m, against $36.7m.

The group blamed price discounting in the newsprint market, and the failure to get a price rise for containerboard due to low demand.

However, price rises are planned for other products and cost increases were held by the fall in price of reclaimed fibre, the group's main raw material. The company is considering building a 225,000 tonne newsprint mill in the US.

Sales were up by 4 per cent in the second quarter to $334.7m and earnings per share rose 2 per cent to 96 cents because of a share buy-back.

In the first half year, net income rose 4 per cent to $71.8m and earnings per share by 4.5 per cent to $1.86. Sales rose 3.1 per cent to $654.5m.

Drop in metal prices holds back Noranda

By Robert Gibbens in Montreal

LOWER METAL prices and production problems brought a 10 per cent decline in first half earnings for Noranda, Canada's largest resource group. Net profit was C$283m (US$238m), or C$1.45 a share, down from C$314m or C$1.64 a year earlier, on revenues of C$4.7bn against C$4.4bn.

The second quarter net was C$125m or 63 cents, down from C$186m or 98 cents a year earlier, on revenues of C$2.4bn, against C$2.3bn.

David Owen writes: Falconbridge reported flat second quarter earnings, reflecting a more subdued market for nickel after previous sharp price increments.

However, income for the first six months doubled due to higher average prices and a greater volume of copper and ferro-nickel sales.

In all, net second quarter income totalled C$93m or C$1.40 a share, compared with C$95m or C$1.18 in the corresponding year-earlier period. Revenues rose almost 20 per cent to C$616m.

For the six months ended June 30, profits reached C$259m or C$3.93 against C$130m or C$1.63.

GTE continues growth trend with 10% advance

By Karen Zagor

GTE, the largest US telecommunications group outside the Bell system, continued its recent growth trend by reporting higher second quarter earnings.

Net profits for the three month period rose 10 per cent to $329m from $299m a year earlier. Earnings per share were up 13 per cent to 98 cents from 87 cents and revenues rose 3 per cent to $4.3bn from $4.2bn.

"This strong second quarter performance is particularly gratifying in light of the continuing competitive and regulatory pressures faced by our major businesses," said Mr James Johnson, chairman and chief executive. "It also reflects the benefit of strategic actions taken last year, especially the sale of 30.1 per cent of US Sprint."

Revenues from telephone operations increased 6 per cent during the quarter to $3.1bn, although the division's operating income of $682m was below its 1988 level.

Overall, second quarter revenues rose 21 per cent, reflecting increased sales of government communications systems, cellular telephone services and directory advertising.

MCI and Sprint improve

By Roderick Oram

MCI Communications and US Sprint, the two main competitors to AT&T in long-distance telephone services, have reported further strong gains in revenues and profits in the latest quarter.

MCI chalked up another record quarter with net earnings soaring to $150m or 56 cents a share from $62m or 21 cents. Revenues rose 31 per cent to $1.59bn from $1.22bn.

The results reflected a further sharp rise in use of capacity on its long-distance network.

The first-half net was $285m or $1.07 against $120m or 42 cents a year earlier. Both periods included a small net gain from extraordinary items. Revenues rose to $3.09bn from $2.35bn.

Second-quarter operating income at Sprint, which is 80 per cent owned by United Telecommunications and 20 per cent by GTE, was $48.1m against a loss of $98.3m a year earlier. Net operating revenues rose to $1.04bn.

Sun Micro and Lotus in joint deal

By Louise Kehoe in San Francisco

SUN MICROSYSTEMS, the computer workstation manufacturer, and Lotus Development, one of the leading publishers of personal computer software, have signed a joint development and marketing agreement under which Lotus will develop applications programs to run on Sun's computer workstations.

The agreement with Sun marks Lotus' first move to develop software for computer workstations running AT&T's Unix computer operating system. Previously, Lotus products, including its best selling Lotus 1-2-3 spreadsheet, have been designed for use on personal computers.

For Sun Microsystems, the agreement with Lotus represents a significant step toward its goal of establishing its workstations as a new standard for desktop computing.

To date, the market for computer workstations has been limited by the lack of standard business applications programs, such as those offered by Lotus.

Financial terms of the agreement and specific product plans were not disclosed. However, the companies said Lotus will develop programs for Sun's three types of workstations; those based on the Intel 386 microprocessor, on the Motorola 68000 chips, and on Sun's Sparc reduced instruction set computer (Risc) chips.

"Momentum is clearly growing for Sparc/Unix workstations and we expect this announcement to further that momentum," said Mr Jim Manzi, president of Lotus.

Cost-cutting by Gencor improves profitability

By Jim Jones in Johannesburg

TWELVE MONTHS of cost-cutting and eliminating unprofitable workings paid off during the June quarter for gold mines run by Gencor, the second largest of South Africa's mining houses.

Unlike other houses which have reported lower profits for their gold mines, those of Gencor have generally reported higher revenues despite lower gold production.

The group expects higher gold prices during the 1990s with strong demand for jewellery in the world's richer countries and lower production from countries such as Canada, the US and Australia as surface mines become exhausted.

However, Mr Gary Maude, the head of Gencor's gold division, warns that the gold price is unlikely to rise at a rate which compensates for cost increases at South Africa's mines for several months, and the group's planning for the next 12 months is based on this assumption.

The effect of improved profits was most marked at the group's marginal mines where retrenchments and production cuts have been implemented since the latter part of 1988 to stem a flood of red ink. West Rand Consolidated, Leslie, Bracken and Grootvlei have all cut gold output by curbing the extraction of unprofitable ore and all four mines have reported higher June quarter profits.

Mr Maude was confident yesterday that West Rand Consolidated would eliminate losses accumulated over the past two quarters even if the gold price does not rise above its present level of R32,000 ($11,800) per kg. Mine planning is based on the present gold price, Mr Maude said, to ensure planning focuses on cost controls to ensure profits.

West Rand Consolidated is the group's oldest mine but is planning to exploit dozens of gold reefs inside its property. In the Evander area Leslie has located a new, richer ore zone and hopes to prove its extent by the first quarter of 1990.

Buffelsfontein, the largest of the group's mines, is reevaluating plans to establish a new tertiary shaft system. Originally the cost was estimated at R1.18bn, which management believes is too great based on known ore reserves. The intention now is to prove reserves large enough to sustain mining for at least 15 years.

Stilfontein received a special dividend from its Chemwes uranium facility, representing compensation paid by Eskom, the state-owned electricity utility, which last year cancelled a uranium purchasing contract with Chemwes.

Beatrix, the newest of the operating mines, warns that gold recovery grades are likely to drop temporarily to about 5.5 grams per tonne in the first half of next year.

GENCOR GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Jun 89	Mar 89	Jun 89	Mar 89	Jun 89	Mar 89
Beatrix	3,301	3,294	43.5	18.2	33.5	16.0
Bracken	555	544	1.5	0.5	8.5	2.2
Buffelsfontein	3,684	3,521	20.8	15.3	167.6	113.6
Grootvlei	760	827	0.6	0.2	5.1	1.2
Kinross	3,001	3,000	20.9	19.8	76.0	72.6
Leslie	735	690	3.9	1.2	16.0	2.0
St. Helena	2,650	2,700	8.9	8.5	84.9	74.1
Stilfontein	1,225	1,111	27.7	3.0	209.1	21.7
Unisel	1,605	1,470	12.3	12.9	26.8	18.0
W.Rand Cons	480	585	0.8	(4.4)	8.0	(71.5)
Winkelhaak	2,801	2,840	28.6	21.5	70.9	84.1

Earnings per share calculated after tax and capital expenditure. Parentheses = negative

Asea Brown Boveri senior post

By John Wicks in Zurich

ASEA BROWN Boveri, the Swiss-Swedish engineering concern with headquarters in Zurich, appointed Mr Gerhard Schulmeyer executive vice president and a member of the group executive management.

Mr Schulmeyer, 51, is currently executive vice president of Motorola and deputy to the company's chief executive officer for Europe. He will move to Zurich from the US to take up the new post on August 15.

At ABB, his main responsibility will be for the so-called industry segment. This $2bn division covers the product groups of drives, process automation, metallurgy, marine and oil and gas.

He succeeds Mr Leonardo Vannotti, who is to resign on October 1. Mr Vannotti, who has been with the ABB parent since the Asea merger with Brown Boveri and was previously an executive with the Swiss Brown Boveri company, will join the Swiss Anova group as managing director of the Unotec holding subsidiary.

This is controlled by Mr Stephan Schmidheiny, the Swiss industrialist. This March, it added to its portfolio a majority stake in Wild Leitz, the instruments manufacturer which has just announced a pending merger with Cambridge Instrument, of the UK.

Mr Schmidheiny is also a director of ABB and one of its biggest single shareholders. This indicates that Mr Vannotti's move is an amicable one, as does the fact that Mr Vannotti is to remain on the boards of ABB firms in Italy.

However, Mr Percy Barnevik, ABB president and CEO, is to take on Mr Vannotti's executive responsibility for Italy and for the general contracting and power lines business sector.

★ ★ ★

PAKHOED, Dutch transport and tank storage group, has named Mr Ir. H.W. den Ouden, 47, a managing director.

Dow Jones elects president

THE BOARD of Dow Jones, the US business information group, elected Mr Peter Kann, publisher and editorial director of the Wall Street Journal, to the additional posts of president and chief operating officer of the Journal's Dow Jones parent.

Mr Kann, 46, had been an executive vice president of Dow Jones. He replaces as president Mr Warren Phillips, who remains the Dow Jones chairman and chief executive.

Mr William Dunn, 53, publisher of the Dow Jones information services group, was named chairman of that group. He plans to retire from Dow Jones in January 1991.

Mr Carl Valenti, 50, president of the information services group, has in addition been made publisher of that group, succeeding Mr Dunn. He has also been promoted to senior vice president of Dow Jones from vice president.

★ ★ ★

AT ConAgra, the large Nebraska-based US food processing group, Mr Philip Fletcher has been elected president and chief operating officer, both new positions.

Mr Fletcher, 56, had been president and chief operating officer of the company's Prepared Food group and a member of ConAgra's office of the president. Mr Charles Harper remains chairman and chief executive officer.

ConAgra's sales exceeded $11bn in its fiscal year to May.

★ ★ ★

CSC Consulting, the commercial professional services arm of Computer Sciences, a US-based computing services company with annual revenues of $1.3bn, named Mr Melvyn Bergstein senior vice president.

Mr Bergstein has spent the last 21 years with Arthur Andersen, the international accountancy and management consultancy group. He held the post of managing partner of its technical services organisation, with responsibility for the firm's practices in information technology worldwide, and was chairman of the board's Consulting Oversight Committee.

★ ★ ★

Bank of America NT and SA announced the appointment of Mr Timothy Bennett as director and manager of BA Fund Management in Luxembourg, with responsibility for the new BA Gateway Fund range of investment funds.

Mr Bennett was head of BA's International Trust Group (Private Banking) in Asia.

Greece eyes Denison's oil stake

By A Correspondent

GREECE'S new Government has asked Denison Mines for an extension of 30 days to give it time to consider making an offer for the Canadian company's controlling stake in the North Aegean Petroleum Company (NAPC).

NAPC is the operator of Greece's only commercial oil and gas field at Prinos, off the island of Thassos. According to diplomatic sources the Government's apparent intention to purchase Denison's share and hence gain absolute control of the north Aegean oil concession, might ease the way towards a settlement over the Aegean continental shelf dispute with Turkey.

The previous Socialist Government of Mr Andreas Papandreou had made several attempts to take control and nationalise NAPC, in order to be able to control exploration activities in the geographically sensitive area south-east of Thassos.

Turkey claims that this area does not belong to Greece but lies within international waters. In March 1987 Greece and Turkey were at the brink of war over this issue when it emerged that Denison was about to drill in a potentially controversial area.

Earlier this year Denison announced it planned to sell its worldwide oil and gas interests to concentrate on mining and in particular uranium exploration. Denison holds 68 per cent of NAPC.

DEP-EKY, Greece's state oil enterprise, also holds stakes of 15 and 20 per cent respectively in the Prinos oil development and exploration areas, but does not at present have any participation in the production side.

Mr Michael Papakonstantinou, Greece's new industry and energy minister, said he has asked Denison for a 30-day extension to a deadline of July 14 which one of the bidders for Denison's shareholding had given to the Toronto-based company.

Asked whether the Greek Government is considering acquiring Denison's shares, the minister replied: "Yes, certainly, otherwise we would not have asked for an extension." With only two weeks in office, Mr Papakonstantinou said he needs a few weeks to study the case and make a recommendation to the Government.

According to the minister DEP-EKY has already carried out an economic assessment of the Prinos oil and gas field with the assistance of Salomon Brothers, which was hired as consultants.

The minister said he believed the Greek state was in a position to make a good offer for Denison's stake. He also confirmed that he met Mr Jake Fowler, Denison's president, last week to discuss Denison's decision to sell and the Greek Government's interest in aquiring their share.

In Toronto Denison said several offers had so far been received for its worldwide oil and gas deposits but it could neither confirm nor deny if a specific bid had been made for its holding in NAPC.

But the company added: "We are looking towards a constructive co-operation with Greece's new Government, and we have every reason to believe that this relation will continue in the future . . . We hope to reach an agreement beneficial for both parties."

The Prinos field is producing 18,000 barrels of oil per day, but output has been falling over the last three years. It went on stream in 1981, producing 25,000 b/d after a US$700m investment by its four foreign partners led by Denison.

Oil analysts note that by purchasing the stake Greece would be able to go ahead with plans for future exploration in a non-disputed offshore concession area east of Thassos which existing geophysical data show to be promising.

In January DEP-EKY announced the finding of a major gas field in Epanomi, a few kilometres south-east of Salonica, also in northern Greece.

Officers at Principal accused of fraud

By David Owen in Toronto

AN INQUIRY into the collapse of the Principal Group, a C$1.2bn (US$1bn) Canadian financial services conglomerate, has alleged fraud against senior officers of the company and accused a provincial cabinet minister of negligence.

In a 629-page report, Mr William Code, a court-appointed inspector, said that the conduct of Mr Donald Cormie, the group's founder and president, was a major cause of the failure in June 1987 of First Investors Corporation (FIC) and Associated Investors of Canada (AIC), two Principal subsidiaries.

The evidence tends to show that Mr Cormie "deliberately permitted the companies to carry on while he took steps to disguise their true financial situation," Mr Code concluded. It suggests that the actions of Mr Cormie and Mr Kenneth Marlin, senior vice president, were "both dishonest and fraudulent," he added.

The report also concluded that Ms Connie Osterman, former Alberta consumer and corporate affairs minister, was "in breach of her public duty" in not enforcing legislation to close down the two units in the mid-1980s. Though Ms Osterman did not act fraudulently or dishonestly, her conduct was "neglectful . . . even reckless," Mr Code said. Government regulations were "inappropriate or outdated," he added.

Edmonton-based Principal declared bankruptcy in August 1987, leaving more than 60,000 investors about C$120m out of pocket. These investors have since been reimbursed by liquidators in the amount of approximately 45 cents in the dollar.

Ward White move

WARD WHITE, the UK retailer resisting an £800m ($1.3bn) bid from Boots, yesterday forecast that its interim pre-tax profits for the six months to July 31 would be £33m, a 19 per cent increase on the previous first half. Boots is offering 400p per share, writes Philip Coggan in London.

Nuclear plant closures are still hurting Nukem

By David Marsh in Bonn

NUKEM, THE scandal-plagued West German nuclear technology company which is largely withdrawing from the atomic sector, is still suffering from the cost of closing down its activities in the radioactive fuel cycle.

The company made DM100m ($53m) of provisions in its 1987 balance sheet to cover the cost of plant closures, decontamination and redundancies. It said yesterday that it made further operating losses of DM8m last year.

This was compensated by DM37.5m in extraordinary earnings through sales of its shares in fuel fabrication companies. As a result, Nukem recorded net profits of DM10.3m in 1988 against losses of DM63.9m in 1987, on turnover of DM220m (DM228m).

RWE, the West German electric utility, now owns 55 per cent of Nukem after taking over 10 per cent previously held by Imperial Smelting Corporation of London, a RTZ subsidiary. Other shareholders are the Frankfurt metal groups Degussa, with 35 per cent, and Metallgesellschaft, with 10 per cent.

● Feldmühle Nobel, the West German paper, explosives and engineering conglomerate, said yesterday that group pre-tax profit nearly doubled to DM189m in the first six months of 1989 from DM97m a year-earlier, Our Financial Staff write.

Group sales rose 9 per cent to DM4.1bn, and the company predicted group sales in 1989 would jump 20 per cent to DM9.5bn from DM7.9bn in 1988. Sales at the paper and synthetics divisions are expected to achieve gains of 25 per cent in 1989.

In late May, Veba, the West German energy, oil and chemicals group, announced it had boosted its stake in Feldmühle Nobel to 46 per cent and was considering making a tender offer for the remainder of Feldmuehle Nobel's outstanding shares.

Mr Heribert Blaschke, Feldmühle's management board chairman, told the shareholder's meeting the company expects a further improvement in earnings this year.

COMPANY NEWS IN BRIEF

THE BOARD of Iri, the Italian state holding company, yesterday finally approved a proposal which would allow Banca Commerciale Italiana (Comit) and the French bank, Paribas, to acquire cross shareholdings of 2 per cent, writes John Wyles in Rome.

Approval was delayed three weeks ago when representatives of the governing parties in the Italian coalition all insisted on the need for a deeper analysis of Comit's international strategy. Yesterday's discussion produced a clear majority of eight in favour of the plan with two abstentions.

● Fried. Krupp and Salzgitter, the West German steel groups, said they were no longer considering wide-ranging cooperation and would work together only in steel refining, Reuter reports.

The two companies said units Krupp Stahl and Stahlwerke Peine Salzgitter would co-operate in steel refining and planned to expand activities in the towns of Bochum and Salzgitter.

"Although there are economically interesting aspects for a wider-ranging co-operation, both companies have agreed not to continue their deliberations at the present time," they said. Industry sources said last month that Salzgitter and Krupp were considering a merger of their steel activities and parent companies.

● Neste, the Finnish state-owned oil and chemicals group, has bought 50 per cent of the shares in Nynäs Petroleum from the Swedish Axel Johnson Group and the Swedish Investment Bank, it was announced yesterday, AP-DJ reports.

The price was not immediately disclosed; the sale requires the approval of the Swedish Government. The remaining 50 per cent of Nynäs is owned by the Venezuelan state oil company Petroleos de Venezuela.

The Venezuelan company said SIB Invest would sell 23 per cent in Nynas while Axel Johnson would sell its 27 per cent stake.

Nynäs had a 1988 turnover of SKr2.5bn crowns. Nynäs is a refiner and marketer of asphalts and lubricants with two refineries in Sweden, one in Belgium and a large bitumen and lubricants distribution network covering Western Europe.

INTERNATIONAL CAPITAL MARKETS

Retail investors snap up World Bank A$75m issue

By Andrew Freeman

EUROBOND MARKETS lacked direction yesterday and new-issue activity was confined to specific opportunities. The encouraging US consumer price index figure left secondary market Eurodollar bonds broadly unaffected.

Against a dull background, Hambros Bank brought the World Bank's A$75m issue to a fine reception. The five-year deal carried a 14¼ per cent coupon and was priced at 102 to offer an attractive yield pick-up over existing World Bank paper.

The bonds were quoted by Hambros at less 1¼ bid, comfortably inside 1⅞ per cent fees. Demand was strong from the European retail network as well as professional fund managers.

An official said the deal was quickly sold out, and confirmed that the proceeds were swapped.

The issue had to overcome a big drop in coupon levels since the last five-year Australian dollar deal by the State Bank of Victoria, which carried a 15¾ per cent coupon. However, the strength of the borrower's name was enough to persuade investors to buy the paper without real opposition.

In Switzerland the market revelled as Swiss Bank Corporation launched the first triple-A rated straight-maturity corporate bond issue seen by traders since May 1988.

The fact that the borrower was IBM International Finance was doubly welcome, as IBM last borrowed in Swiss francs in 1986. However, the

INTERNATIONAL BONDS

SFr140m three-year deal, which carried a 5¼ per cent coupon, was judged as tightly priced by rival syndicate managers.

According to SBC the bonds were trading just inside fees at less 1⅛ bid amid mixed demand. The proceeds were swapped into several currencies.

Elsewhere, progress proved hard. Paribas Capital Markets launched an Ecu100m five-year issue for Oesterreichische Kontrollbank (OKB), but found limited interest among retail investors anticipating over-supply of five-year paper.

The lead manager was quoting the paper at less 2 bid, outside underwriting commissions of 1⅞ per cent. In late trading the price slipped further to less 2.05 bid. The issue proceeds were swapped into fixed-rate yen via floating-rate US dollars. Banque Nationale de Paris was the counterparty on one leg of the swap.

Leeds Permanent Building Society became the first issuer of a two-year Eurosterling deal, launching £75m of 12⅝ per cent bonds via Baring Brothers. The issue was aimed almost entirely at non-UK investors, as UK institutions have direct access to higher interest rates on the money markets.

The response was average, with several traders commenting that building society names were hard to sell abroad. The lead manager was quoting the bonds on fees at less 1⅛ bid.

Two small sectors were tapped. The SKr500m issue for Sigab was judged as well-priced and was trading at less 1⅛ bid amid encouraging Japanese interest in the paper, according to the lead manager.

The swap-related Matador issue for Eurofima was offered to yield 11.65 per cent at launch and traded strongly amid widespread European demand, improving to yield 11.41 per cent at the close.

● Banque Paribas (Suisse) met with co-managers of two bond issues for Southmark, the US corporation which filed for bankruptcy last Friday. The bank is waiting for Southmark's re-organisation plans before calling a meeting of bondholders to decide a course of action.

Tokyo holds meeting on foreign firms' seats

By Robert Thomson in Tokyo

A TOKYO Stock Exchange committee examining new membership for foreign securities firms has held its first meeting, aware that the British Government is impatiently awaiting the admission of two firms, Barclays de Zoete Wedd (BZW) and James Capel Pacific.

A TSE official said the meeting was a "get-to-know-you" session and that more substantive discussions would take place later. Mrs Margaret Thatcher has said the matter should be resolved by the time she visits Tokyo in September.

Officials at the exchange are apparently keen to accommodate the British request but are having difficulty in devising solutions to what they describe as a serious space problem.

The committee is likely to assess the results of a study on increased computerisation of trading and to discuss a new form of second-class membership which would give newly admitted foreign firms limited rights.

The issue arose when the TSE failed to offer BZW and James Capel memberships in December 1987, when 16 other foreign firms were given seats.

Since then, British officials have asked their Japanese counterparts at virtually every bilateral meeting to find room for the two firms.

At a meeting in Paris several days ago, Mrs Thatcher again urged Mr Sousuke Uno, the Japanese Prime Minister, to settle the matter.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Leeds Permanent B.S.(a)◆	75	12⅝	101.05	1991	1⅛/⅝	Baring Brothers
ECUs						
Oest. Kontrollbank(a)◆	100	8⅝	101⅞	1994	1⅞/1¼	Paribas Capital Markets
AUSTRALIAN DOLLARS						
World Bank(a)◆	75	14¼	102	1994	1⅞/1¼	Hambros Bank
SWISS FRANCS						
IBM International Fin.(a)◆	140	5¼	101	1992	1¼	SBC
Atsugi Nylon Ind.(b)★★§	400	(¼)	100	1994	1⅝	SBC
PESETAS						
Eurofima(a)◆	10bn	11¾	101	1993	1½/1⅛	Banco Bilbao Vizcaya
SWEDISH KRONA						
SIGAB(a)◆	500	11⅜	101¾	1994	1⅞/1¼	Svenska Int.
US DOLLARS						
Thermo Process Systems(c)§◆	35	6½	100	1997	2½/1½	*Shearson Lehman Hutton*
Taisho Marine & Fire(d)♦◆	300	3⅞	100	1993	2¼/1½	Nomura Int.

★★Private placement. ♦With equity warrants. §Convertible. ◆Final terms. a) Non-callable. b) Indicated yield to put 4.338%. c) Non-callable for 1 year. Tap option. d) Coupon cut by ½% from indication.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 19

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅞ 95	600	103⅛	103½	−0¼	−0½	8.66
Austria 9⅝ 93	140	102½	103⅛	−0¼	−0⅜	8.69
B.F.C.E. 7 92	150	†96	96½	−0⅛	−0⅜	8.59
B.F.C.E. 9¼ 95	150	102½	102⅞	−0¼	−0½	8.68
Brit. Tel. Fin. 9⅞ 98	250	103⅛	103⅝	−0⅛	−0⅞	8.81
BP America 9¾ 99	250	†105¾	106¼	−0⅛	−1⅛	8.79
Canada 9 96	1000	103⅛	103½	−0¼	−0⅜	8.32
Canadian Pac 10¼ 93	100	†102¼	102¾	+0¼	+0¼	9.93
C.C.C.E 9¼ 95	300	102⅜	102⅞	−0⅜	−0⅜	8.62
C.N.C.A 9⅞ 93	150	†101½	102	−0⅜	−0⅝	5.88
Credit National 8¼ 93	200	†98¼	98¾	−0½	−0⅜	8.71
Credit National 7⅜ 92	100	96¾	97¼	−0⅛	−0⅜	8.62
Credit National 9½ 92	160	101¾	102⅜	−0¼	−0½	8.77
Dai-Ichi Kan 9⅝ 92	150	101⅝	102⅛	−0⅛	−0⅝	8.90
Denmark 7⅛ 92	500	96⅛	96⅝	−0⅛	−0⅜	8.70
E.E.C. 7 91	100	96½	97	−0⅛	−0⅜	8.54
E.E.C. 7¼ 93	250	†95⅞	96⅜	−0¼	−0¼	8.51
E.E.C. 10 93	140	†104¼	104⅝	−0¼	−0½	8.54
E.I.B. 9⅞ 97	150	†104⅛	104⅝	0	−0⅛	8.60
Eurofima 10¼ 93	100	†104⅞	105¼	−0⅛	−0⅜	8.46
Elec. De France 9 98	200	101½	102⅛	−0⅛	−0⅜	8.69
Elec. De France 9½ 99	200	104⅜	104¾	−0⅛	−0⅜	8.77
Finland 7⅜ 97	200	94½	95	−0⅛	−0¼	8.84
Finland 9 96	250	101⅜	101¾	−0¼	−0½	8.67
Finn.Exp.Cd. 8½ 92	200	99⅜	99⅞	−0⅛	−0⅝	8.63
Finn. Exp. Cd. 9⅜ 95	200	102⅜	102¾	−0⅛	−0½	8.82
Finn. Exp.Cred.10⅝ 91	100	102⅜	103	0	0	8.88
Ford Motor Credit 8 91	250	†98⅜	98⅞	−0⅛	−0¼	8.87
Gen.Elec.Cap.Corp. 9 93	500	†101⅛	101⅝	−0¼	−0¼	8.58
Gen.Elec.Cap.Crp.10 1/2/91	300	102½	103⅛	−0⅛	−0⅜	8.60
Gen.Mtrs.Corp. 9⅛ 92	200	100½	101¼	−0⅛	−0½	8.83
IBM Credit Corp. 8⅞ 91	250	100⅝	101⅛	0	−0⅜	8.40
IBM Credit Corp. 9½ 92	250	102⅛	102⅝	−0⅛	−0¼	8.40
IBM Credit Corp. 10 92	200	103⅜	104	−0¼	−1	8.47
Italy 9½ 95	1000	103½	104⅛	−0¼	−0⅜	8.69
Italy 9⅜ 99	1000	104¾	105⅛	−0⅛	−1	8.82
Japan Dev. Bank 10 96	200	106	106½	−0¼	−0½	8.73
L.T.C.B.of Japan 9¼ 92	200	100⅞	101⅜	0	−0½	8.81
Metropolis Tokyo 9½ 93	200	102½	103	0	−0⅝	8.52
Nippon Tel.&Tel. 9⅞ 98	250	103⅜	103¾	−0⅛	−0⅞	8.80
Norway 8¾ 93	500	100½	101	0	−0½	8.47
Portugal 8¼ 91	300	†98½	99	0	+0¼	9.03
Prudential Crp. 8¾ 94	125	100⅛	100⅝	−0⅛	−0⅜	8.65
Sumitomo Bank 9⅝ 92	150	†101⅝	102⅛	−0⅛	−0⅜	8.90
Sweden 7 91	250	97	97½	−0¼	−0⅛	8.38
Sweden 8¼ 96	200	100¼	100¾	−0¼	−0⅜	8.61
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101⅛	101⅝	+0⅛	−0⅛	5.26
Canada 5⅝ 93	80	101	101¼	0	−0¼	5.30
Eurofima 5 1995	20	98	98⅜	0	−0¼	5.38
E.I.B. 4⅞ 93	30	98¼	98½	+0⅛	−0¼	5.37
Ireland 5⅛ 93	30	99¼	99¾	0	−0¼	5.27
Norway 5⅛ 95	50	99	99¼	+0⅛	−0⅛	5.30
Sweden 4⅝ 93	50	97⅜	97⅝	+0⅛	−0¼	5.36
World Bank 5⅛ 98	10	97¼	98⅜	0	0	5.42
World Bank 7 94	20	106½	107	+0⅛	−0¼	5.35

Average price change... On day +0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 11⅝ 95 £	100	98⅝	99¼	+0⅛	+0½	11.84
Aegon 7¾ 92 FL	100	101¾	102¼	+0⅛	+0⅛	7.74
Alg. Bk. Ned. 5¾ 93 FL	200	95⅛	95⅝	−0⅛	+0⅜	7.22
Austria 7½ 94 ECU	100	95⅞	96⅜	−0⅛	−0½	8.52
Bk.Nova Scot.14⅛ 90 A$	75	95⅝	96⅜	−0⅛	+0¼	17.74
Barclays Aus.13½ 91 A$	100	95¼	95¾	−0⅛	0	15.94
Belgium 8⅛ 94 Ecu	150	97⅞	98⅜	0	−0¼	8.61
BP Capital 9⅝ 93 £	100	94	94½	−0⅛	+0⅝	11.70
British Airways 10 98 £	100	92½	93	0	+1½	11.34
Buhrmann-Tet. 6⅞ 93 FL	100	95⅞	96⅛	−0⅛	0	7.61
Comm.Bk.Aust. 12⅝ 93A$	100	†93½	94	−0¼	−0½	14.83
CrLocalFrance 9¼ 92Ecu	100	101⅞	102⅜	0	−0¼	8.38
Deut. Bk.Aus. 13⅜ 93 A$	125	96⅞	97⅜	0	+0¼	14.23
Deutsche Bk.Fin. 15 94 A$	100	101¾	102¼	−0⅛	+0¼	14.34
Eastman Kodak 13 90 A$	100	95¼	95¾	−0⅜	+0⅛	17.75
E.I.B. 7 96 LFr	100	96½	97½	−0¼	0	7.59
E.I.B. 9 99 Ecu	150	101½	102⅛	−0⅛	−0¼	8.72
Eurofima 7⅝ 94 Ecu	100	96⅝	97⅛	0	0	8.46
Export Dv.Crp.8¾ 92Ecu	100	100¼	100¾	−0⅛	−0⅜	8.51
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†99	99½	0	−0¼	10.04
Fed.Bus.Dv.Bk.10½ 93C$	50	100⅝	101⅛	−0⅛	−0¼	10.21
Ferr. Stato 7¾ 93 Ecu	100	96⅜	97⅛	−0⅛	−0¼	8.72
Ford Cr.Can.10¼ 93 C$	100	†100⅞	101⅜	0	−0⅛	10.31
Ford Cred.Can.10⅞ 96C$	125	102⅞	103⅜	+0¼	0	10.18
Ford Cred.Fund.10¼ 93£	60	96⅛	96⅝	−0⅛	+0⅝	11.83
Ford Mtr.Cred.7⅞ 93Ecu	100	96⅝	97⅛	−0⅜	−0⅜	8.91
G.M.A.C.Canada 11 3/4 94C$	100	104⅛	104½	−0⅛	−0⅛	10.54
Heineken 7⅝ 94 FL	150	102¼	102¾	0	+0¼	7.57
Hydro-Quebec 11 99 C$	400	104⅜	105	0	−0¼	10.20
Lloyds Bank 10¼ 98 £	150	92½	93	−0⅜	+0⅜	11.60
Lloyds Bank 11⅜ 98 £	100	95⅞	96⅜	−0⅛	+0⅜	12.06
Montreal Tst.10¾ 93 C$	100	†100⅜	100⅞	0	+0¼	10.54
[illegible]						

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Offshore banks gain ground in Singapore

SINGAPORE'S locally incorporated banks have lost much of their domestic market share to foreign competitors, in spite of curbs on foreign banks, Reuter reports.

According to figures released by the Monetary Authority of Singapore (MAS), the market share of the 13 locally incorporated banks in terms of assets/liabilities fell to 8.4 per cent in 1988, from 41.1 per cent in 1970.

Local bank deposits fell to 25.5 per cent of the market last year from 40.8 per cent in 1970. *Loans fell to 11.8 per* cent from 40.3 per cent.

In 1971 Singapore restricted the entry of foreign banks intending to conduct domestic banking.

The restrictions included a ban on the opening of branches.

Two years later, however, the MAS allowed a new category of foreign bank – offshore banks – to trade in the Asian dollar market.

The market share of offshore banks has climbed steadily since then. In terms of assets/liabilities the banks comprised 62.6 per cent of the market in 1988, up from 42.8 *per cent in 1980.*

Bankers said that foreign banks, attracted by tax incentives and competitive rates, were tapping the Asian dollar market for funds to repay existing debts and finance capital investment projects.

There were 136 commercial banks in Singapore in March 1989.

Of these, 13 were local banks, 22 were foreign banks with full licences, 14 were foreign banks with restricted licences and 87 were offshore banks.

Record quarter for medium-term note filings in US

MEDIUM-TERM note filings in the US surged to a record $40.3bn *in the second quarter* of 1989, almost double the $20.5bn filed in the first quarter, AP-DJ reports.

Merrill Lynch Capital Markets said the $60.8bn of new filings in the first half exceeded the year-earlier volume by more than 30 per cent and was on target to break the full-year record of $89.5bn, set in 1988.

Banks and finance companies accounted for more than 80 per cent of the second-quarter total.

Merrill said car finance companies relied heavily on the medium-term note market to fund aggressive loan incentive programmes cheaper than they could have done in the asset-backed market.

US banks also relied far more heavily on medium-term notes.

Large CDs outstanding were flat from late April to the end of June.

Domestic bank medium-term note programmes jumped to $9bn in the second quarter, from $3.4bn in the January-March period.

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INTERNATIONAL COMPANIES AND FINANCE

Brazil's Coke bottlers in fight for price increases

By John Barham in Sao Paulo

A DIFFERENT type of Cola war has broken out in the world's third largest soft drink market. Brazil's 33 Coca-Cola bottlers are angry over the Government's refusal to grant them what they regard as acceptable price increases.

The Coca-Cola franchisees, who hold 55 per cent of the 5.5bn litre-a-year Brazilian soft drinks market, claim that soaring inflation, coupled with an array of government price controls, has resulted in a steep reduction in the real price of *their products*. In June alone inflation rose 25 per cent.

Mr Carlos Fernando Motta, president of the bottlers' association, said that as a result of inflation real prices had been driven down by 60 per cent.

He added: "In June the Government allowed the bottlers to increase prices by only 20 per cent." This outraged the bottlers who proceeded to award themselves a 38 per cent adjustment, which, they claim, barely covers operating costs.

The Government has retaliated by launching a police investigation. The Finance Ministry says it will unleash a *horde of tax inspectors to* study the bottlers' accounts to eke out the smallest misdemeanour and impose the maximum fine of $176,130 against the companies.

The ministry maintains that the bottlers' move, if it went unpunished, could set a dangerous precedent for others who would like to break price controls.

Mr Motta counters that the Government itself has not obeyed the law, and insists that price control legislation allows companies to pass on the rising cost of inputs to customers.

He added that price controls agencies were "little more than an authoritarian remnant from the period of military rule." The bottlers maintain that the law was intended to control prices of basic goods and items produced *by monopolies or oligopolies*.

But the Coca-Cola bottlers are not the first to lash out against price controls. In 1986, McDonalds signalled the end of the Cruzado Plan, Brazil's first emergency anti-inflation policy, by giving away hamburgers in protest at controls.

The following year, Autolatina, which comprises Ford and Volkswagen's Brazilian subsidiaries, defied controls during the second inflation policy and won. This year *it is* Coca-Cola's turn.

Merger lifts US finance house

By Our Financial Staff

PRIMERICA, the US financial conglomerate created from the shell of American Can, raised its second-quarter net earnings to $63.4m, or 65 cents a share, from $31.9m, or 71 cents a share, *in the same period last* year. Revenues rose to $1.4bn from $238.1m last year.

The second-quarter figures reflect the combined operations of "Old Primerica" and Commercial Credit, acquired by Primerica in August, and are thus not comparable with the 1988 figures. They also include a $7.4m pre-tax gain from the sale of Commercial Credit's Baltimore headquarters.

Mr Sanford Weill, Primerica's chairman and chief executive, said he was pleased with the performance. For example, Smith Barney in the investment services arm produced earnings of $14m following an operating loss in the same period last year, but retail bro*kerage commissions were* strong this year. Earnings also benefited from the one-month contribution of the Drexel Burnham retail brokerage offices acquired during the quarter.

Mr Weill added that Primerica would pursue its proposal to acquire the publicly owned shares of AL Williams, its majority-owned life insurance subsidiary, which contributed $26m to second-quarter earnings. However, it plans to keep its Fingerhut direct mail marketing subsidiary, which it had previously tried to sell. "No appropriate buyer, both in terms of financial consideration to Primerica and business compatibility with Fingerhut, has presented itself."

● *Net earnings for Cincinnati* Milacron, a US machine tool and industrial equipment manufacturer, fell to $5.2m, or 21 cents a share, in the second quarter, compared with $8.3m, or 34 cents a share, last year.

Net earnings for this year include tax credits of $1.22m in the quarter, compared with $2.4m in the same period last year. Revenues fell to $193.5m compared with $198.4m in 1988.

The decline reflected "production delays and other temporary difficulties," said Mr James Geier, chairman.

Securities turnover in Zurich up 11%

By John Wicks in Zurich

SECURITIES turnover in Zurich amounted to a total of SFr320.8bn ($194bn) in the first half of this year, or 11.3 per cent more than the SFr288.3bn booked for the corresponding period of 1988.

This sum covers all securities transactions registered in the canton of Zurich, both on and off the stock exchange.

The number of bargains recorded in the six-month period also increased by 25.4 per cent compared with the year before. The actual rise was from 297,046 to 372,526.

Stock-market capitalisation of Swiss and Liechtenstein shares listed on the Zurich exchange rose by 16.1 per cent from the end of last year to mid-1989, increasing from SFr211.07bn to SFr244.97bn.

Kubota wins control of Spanish venture

By Our Financial Staff

KUBOTA, the Japanese construction equipment group, has acquired a controlling interest in a tractor manufacturer in Spain by buying a large stake from Nissan Motor Iberica, the Spanish subsidiary of Nissan.

Kubota has increased its stake from 15 to 55 per cent in Ebro Kubota, a Madrid-based joint venture established in 1986 by Kubota, the Japanese trading house Marubeni and Nissan Motor Iberica to get around Spain's restrictions on tractor imports.

Kubota has acquired 40 per cent from the Nissan subsidiary, whose stake falls from 80 to 40 per cent as a result. *Marubeni's stake stays* unchanged at 5 per cent.

Through the deal the capital of Ebro Kubota will be doubled to Pta4.4bn ($36.7m).

● Compania Espanola de Petroleos (Cepsa), Spain's largest private sector oil refiner, and Dainippon Ink and Chemicals have agreed to merge their resin interests in Europe.

Cepsa said the two companies would pool their resin interests in a joint company *called Reichhold Chemie, with* Dainippon as majority shareholder.

The joint company would bring together Dainippon's interests in Switzerland, Austria and France with Cepsa's Spanish subsidiary Resinas Sinteticas.

Following the merger, which is subject to approval by appropriate authorities, Reichhold would have turnover in 1989 of Pta24bn.

Goodyear posts $43m charge

GOODYEAR Tire & Rubber, the world's largest tyre company, expects to record an after-tax charge of $43m on the sale of 435 miles of 30-inch pipe by All American Pipeline, its oil transportation unit, Reuter reports.

The offshoot sold about $70m worth of pipe to Coastal, the US energy supply company, said Goodyear.

INTERNATIONAL CAPITAL MARKETS

Treasuries rally smartly as June inflation slows

By Janet Bush in New York and **Katharine Campbell** in London

AN ENCOURAGING set of consumer prices data yesterday triggered a smart rally in US Treasury bond prices but did not immediately prompt the further easing in monetary conditions that US financial markets are looking for.

At midsession the Treasury's benchmark long bond was quoted about ½ point higher for a yield of 8.14 per cent.

The CPI rose 0.2 per cent in June, both overall and once food and energy prices were stripped out. Economists had forecast an overall rise in the CPI of 0.4 per cent and was seen as paving the way for the next nudge down in the Fed funds rate. The CPI rose 0.6 per cent in May while the producer prices index fell 0.1 per cent in June.

The US Federal Reserve yesterday announced five-day matched sales to drain liquidity from the money market, strongly suggesting no change in conditions yet. Nevertheless, economists expect the Fed to initiate another easing move despite the fact that the underlying rate of inflation is still well above 5 per cent.

The betting is that the Fed will continue its very gradual move to loosen credit conditions and the next policy easing may not come until August. Fed funds traded steadily yesterday at 9$\frac{1}{16}$ per cent.

The focus of financial markets is today's Humphrey Hawkins testimony to Congress by Mr Alan Greenspan, Fed chairman, in which he will discuss thinking on monetary policy.

The balance of probabilities in favour of or against lower interest rates is clearly the prime obsession of the bond market. Yesterday's news of a substantial rise in housing

GOVERNMENT BONDS

starts in June, against expectations of a small decline, was brushed aside as the market concentrated on the bullish implications of the CPI release.

■ RETAIL activity has more or less dried up in the UK government bond market and, if anything, foreign investors, sitting on healthy profits in the bonds and the currency, are gingerly selling. About the only factor to move the market yesterday was the US CPI figure, which showed the smallest increase in 16 months. Gilts moved up a few ticks, but failed to hold those levels, closing weaker on the day.

On Liffe the September long gilt finished at 95-21, $\frac{3}{16}$ point weaker in very quiet trading with only 9,000 contracts changing hands.

■ IT WAS a day of directionless trading in the German market. Traders spoke of a complete absence of buying interest, at least in the more liquid stocks, but noted there was no selling pressure either.

Yesterday's repurchase agreement was somewhat tighter than expected. While DM18.5bn was draining from the market, the new two-tranche allocation only amounted to DM16.8bn, which slightly depressed sentiment among bond dealers. However, one trader noted that his colleagues had generally overlooked the repayment today by the Bundesbank of DM3.9bn worth of Bundesobligationen.

At the fixings, prices were generally unchanged. The federal 6¾ per cent of 1999 was priced at 100.30 – Tuesday's level – to yield 6.71 per cent.

Later in the day the better than expected US CPI took the market up fractionally, helped by a hint of weakness for the dollar.

On Liffe the September bund future closed at 95-23 compared with 95-16 the previous day.

■ TERMS on the new Dutch guilder state loan, announced late on Tuesday evening, surprised the market as the issue was larger than expected. The Government issued Fl 3bn worth of 10-year paper, with a 7 per cent coupon and priced at 99.60, giving a yield of 7.11 per cent.

The bond market was mildly depressed by the German repurchase agreement, and traded down some 10 cents during the course of the day. The new loan was quoted at 99.25 in late trading.

■ THE Canadian market has been lagging the US market in the rally of the past two months, so that spreads between the two markets are at historic highs. While yields on five-year Canadian bonds are habitually between 90 and 130 basis points above equivalent US Treasuries, they currently stand at 150 basis points. Yields on 10-year stock are 130 basis points over US Treasuries.

■ TURKEY'S central bank sold at auction Tl 150bn of six-month Treasury bills at an average 59.22 per cent annual yield, compared with Tl 100bn and 54.4 per cent at last month's auction.

Bankers said that in spite of moderate market demand for Treasury bills there were high bids on expectations of heavy reliance on domestic borrowing to mop up excessive cash circulating in the Turkish economy. Lira in circulation hit a record Tl 8,100bn on July 11, an 81 per cent rise on end-1988 levels.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-19	-5/32	10.97	11.14	11.53
		9.750	1/98	98-30	-6/32	10.30	10.36	10.69
		9.000	10/08	97-24	-5/32	9.36	9.39	9.65
US TREASURY *		9.125	5/99	106-29	+11/32	8.09	8.00	8.34
		8.875	2/19	106-03	+26/32	8.15	8.04	8.32
JAPAN	No 111	4.600	6/98	96.1086	+0.059	5.24	5.20	5.52
	No 2	5.700	3/07	106.2692	-0.001	5.03	5.04	5.20
GERMANY		7.000	2/99	101.8500	-0.050	6.70	6.62	6.72
FRANCE	BTAN	8.000	1/94	97.0321	+0.247	8.80	8.84	8.91
	OAT	8.125	5/99	97.1700	+0.280	8.55	8.57	8.65
CANADA *		10.250	12/98	105.2500	+0.100	9.39	9.31	9.48
NETHERLANDS		7.000	3/99	99.3000	-0.020	7.10	7.04	7.13
AUSTRALIA		12.000	7/99	92.2515	+0.179	13.43	13.42	13.85

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Mortgage Corp acts to secure rating on securities

By Norma Cohen

THE Mortgage Corporation has taken steps to safeguard the AA rating on several of its mortgage-backed securities placed under review following the £13bn hostile bid for BAT Industries, the tobacco-based multinational.

The securities issued by special-purpose companies TMC numbers 2, 3 and 4, are rated AA by virtue of a pool insurance policy provided by Eagle Star Insurance, a BAT unit.

Eagle Star's claims-paying rating has been placed under review for a possible downgrading by Moody's Investors Service and Standard & Poor's.

Mr Roland Ward, finance director at TMC, said Eagle Star had arranged for other AA insurers to step in with a reinsurance policy that would maintain the rating in the event of a downgrading. He added that the insurers had absorbed the cost of the reinsurance in order to reassure other users of pool insurance of the efficacy of the product as a means of providing credit insurance.

Analysts at Moody's have pointed out that the vulnerability of claims-paying ratings may cause issuers to forgo pool insurance policies in favour of a structure providing credit insurance on senior debt by dedicating payments from a subordinated tranche of securities in the event of default.

Mr Ward said TMC was not considering a switch to the senior-subordinated structure as the use of pool insurance from Eagle Star and others had proven more cost-effective.

CAE Industries to raise C$240m

CAE INDUSTRIES, the Canadian manufacturer of flight simulators, expects to raise about C$240m (US$201m) *from a stock offering at* C$13.50 a share, Robert Gibbens writes from Montreal.

The offering, due to close on July 28, is one of the biggest Canadian equity issues since the stock market crash of 1987. It will raise about C$50m more than the company originally expected.

Widening the junk default debate

Stephen Fidler and **Norma Cohen** on a study of speculative debt

Seldom do academic rows reverberate in the canyons of Wall Street as have the differences between Mr Edward Altman, of New York University, and Mr Paul Asquith, of the Harvard Business School. Their dispute, over defaults on junk bonds, unsettled the $190bn US high-yield bond market earlier this year.

In a study published in March 1988, Mr Altman argued that the annual default rate on junk bonds between 1978 and 1987 were 1.84 per cent. His research has been cited in promotional material published by Drexel Burnham Lambert and other proponents of the junk bond market.

However, Mr Asquith's research, published in May, suggested that 34 per cent of the junk bonds issued in 1977 and 1978 had defaulted by last November.

These differences are accounted for, in part, by different methodology, the use of different universes of bonds and even differences in the definition of default.

Now a new study, published yesterday by Moody's Investors Service, throws more light on the vexed question. A special report on historical default rates of more than 3,000 issuers of bonds in the US between 1970 to 1988 – almost all the long-term debt in the US corporate bond market – concludes that:

● 220 issuers with Moody's long-term ratings defaulted in the period. Only one issuer – Manville Corporation which voluntarily entered bankruptcy because of asbestos litigation in 1982 – was regarded as investment grade (rated Baa or higher) at the time of default;

● The lower the rating, the higher the incidence of default. On average, 4 per cent of Baa-rated issuers defaulted within 10 years.

That increased to 14 per cent for Ba-rated issuers and 29 per cent for B-rated issuers – showing significant differences even among bonds defined as speculative grade. Cumulative default rates over 10 years were 2 per cent for all investment grade bonds and 17 per cent for speculative grade bonds.

On average in the 19 years, 3.3 per cent of speculative grade issuers defaulted within one year, compared with 0.06 per cent of investment grade issuers.

For issuers rated Ba the one-year default rate was 1.6 per cent and for those rated B 6.7 per cent;

● Event risk – the risk of unforeseen events such as mergers and acquisitions, corporate restructuring and litigation – has more impact on default rates for higher-rated than for lower-rated bonds.

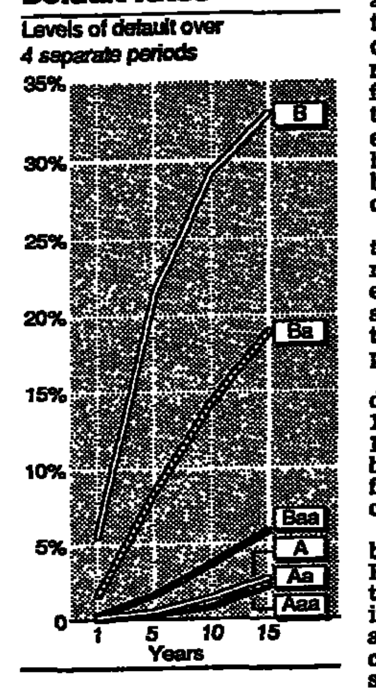
● The variability in default rates from year to year grows significantly for lower-rated issuers. This higher "default volatility" may help to explain the higher than expected risk premiums on many lower-rated bonds;

● Over time the riskier credits that survive tend to become stronger. For B-grade companies the cumulative default rate rises to 16 per cent in three years but then the pace slackens, so that it takes 10 more years for the cumulative default rate to reach 32 per cent. Investment grade issues have a fairly steady default rate.

Moody's analysis of defaults on speculative grade bonds shows a noticeably higher rate than the Altman study for most categories of junk bonds, but lower than the Harvard research.

While Moody's found a 10-year cumulative default rate of 3.8 per cent for Baa/BBB-rated bonds between 1971 and 1988, Mr Altman found a default rate of 2.5 per cent.

Default rates
Levels of default over 4 separate periods



For bonds rated Ba/BB the difference between the studies is far more dramatic, with Moody's finding a 14.1 per cent default rate against a 6.3 per cent default rate among bonds in the Altman study. But for B-rated bonds, the lowest category studied, the findings are roughly equal, with Moody's according a default rate of 31.5 per cent against Mr Altman's 32.2 per cent.

In explaining the key differences between its findings and those of Mr Altman, Moody's notes that so-called distressed exchange offers – those in which investors have faced the choice of accepting an exchange offer as perhaps the only alternative to bankruptcy – are not included in the research of the former.

Why distressed exchanges were omitted from Mr Altman's study is not clear although Moody's research analysts note that details of the exchanges are often difficult to obtain. However, in a recent promotional document for junk bonds, Drexel notes that about 31 per cent of all exchange offers that it alone has helped to negotiate have been for financially stressed companies.

In comparing its results with those of Mr Asquith, Moody's notes that significant differences in the results of the two studies may be explained by the fact that the research parameters vary.

The Harvard study found a default rate of 23.1 per cent by 1988 of junk bonds issued in 1977. Moody's, examining junk bonds issued in that year, found a default rate of 13.1 per cent by 1988.

Among the key differences between the two is that the Harvard study analysed only those bonds issued as "junk" in 1977, while Moody's looked at the rating of senior unsecured debt of all bonds outstanding in that year. As a result Moody's universe of outstanding bonds was much larger.

But Mr Douglas Lucas, analyst of structured financings at Moody's, cautions against interpreting the data as evidence that original-issue junk bonds have a slightly higher default incidence than those issued as investment-grade debt that is later downgraded.

The question of whether original-issue junk bonds – the securities which transformed the market in the early 1980s – are any riskier than other junk bonds remains unanswered by all the studies.

Also, none of the existing research examines what may be the thorniest question of all – whether investors are sufficiently compensated for the risk of junk bonds in the yields they earn.

Nymex chief condemns plan to curb dual trading

MR Z. Lou Guttman, chairman of the New York Mercantile Exchange, has attacked proposals from a US congressional committee to ban dual trading and simultaneously submitted his own proposals for tighter market supervision, writes Katharine Campbell.

"Banning dual trading will hurt market participants, not help them", he said. Referring to legislation before the House Agriculture Committee which proposes a ban on dual trading, Mr Guttman characterised the idea as a "shoot first and ask questions later approach."

The controversial practice, which allows traders to deal both on behalf of customers and for themselves, has been open to scrutiny since federal investigations into trading abuses on US exchanges, including Nymex.

Mr Guttman's own proposals, which have the support of the Commodity Exchange and the New York Cotton Exchange, call for stricter and clearer audit trail standards, coupled with tough enforcement of these standards.

Failure to comply with the principles, to be drawn up by the Commodity Futures Trading Commission, might lead ultimately to suspension of dual trading privileges.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Wed Jul 19 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Jul 18 Index No.	Mon Jul 17 Index No.	Fri Jul 14 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (206)	999.99	+1.2	10.60	4.00	11.50	16.49	988.55	986.44	982.97	813.17
2 Building Materials (29)	1232.33	+0.9	11.73	4.28	10.52	25.92	1221.75	1214.21	1211.75	1028.74
3 Contracting, Construction (37)	1644.33	+0.3	14.18	4.27	9.38	32.70	1643.52	1641.95	1641.38	1597.61
4 Electricals (9)	3001.64	+0.4	7.95	3.84	15.52	50.60	2988.51	2944.64	2988.81	2280.98
5 Electronics (30)	2256.09	+1.0	8.61	3.28	15.16	23.95	2233.28	2240.24	2248.36	1792.14
6 Mechanical Engineering (55)	557.52	+1.8	9.66	3.81	12.81	9.50	547.62	544.75	545.47	427.29
8 Metals and Metal Forming (6)	527.44	+0.9	19.46	5.65	5.64	3.22	523.48	522.47	521.79	387.67
9 Motors (17)	390.31	+2.7	10.56	4.34	11.11	6.83	381.12	377.93	378.75	287.19
10 Other Industrial Materials (23)	1722.22	+1.6	8.98	4.07	13.36	32.74	1704.90	1712.87	1705.99	1327.11
21 CONSUMER GROUP (186)	1395.88	+0.9	8.43	3.43	15.23	20.25	1394.68	1290.50	1299.72	1105.25
22 Brewers and Distillers (22)	1429.19		9.33	3.42	13.40	21.75	1428.38	1428.22	1440.36	1112.26
25 Food Manufacturing (20)	1218.69	+0.6	8.99	3.65	14.92	20.55	1204.05	1280.47	1212.66	1014.68
26 Food Retailing (14)	2550.17	+1.7	8.07	2.76	16.39	32.27	2433.49	2446.45	2454.25	2026.97
27 Health and Household (14)	2328.26	+0.6	6.35	2.55	17.87	22.20	2282.18	2280.64	2280.64	1867.34
29 Leisure (33)	1711.96	+0.4	7.38	3.25	16.99	29.19	1704.73	1708.82	1706.16	1343.27
31 Packaging & Paper (15)	596.16	+1.2	9.77	4.12	12.93	9.30	589.34	591.49	591.46	528.98
32 Publishing & Printing (19)	3642.63	-0.2	8.55	4.57	15.03	71.80	3648.39	3678.82	3672.20	3542.33
34 Stores (34)	873.08	+1.1	10.31	4.14	12.68	16.19	863.72	864.98	869.83	821.07
35 Textiles (15)	557.62	-0.6	10.73	5.21	11.16	14.97	560.87	564.73	565.84	511.32
40 OTHER GROUPS (94)	1188.51	+0.2	9.98	3.97	12.70	19.56	1185.96	1191.74	1195.36	965.40
41 Agencies (17)	1388.23	+0.2	7.22	2.36	17.14	15.62	1385.63	1394.52	1392.16	1171.98
42 Chemicals (23)	1307.17	+0.6	10.78	4.58	10.95	27.82	1299.35	1305.82	1298.89	1083.25
43 Conglomerates (13)	1712.37	+0.5	9.89	4.16	12.11	26.32	1703.30	1709.05	1705.47	1222.64
45 Transport (13)	2528.01	+1.0	8.31	3.57	15.63	39.22	2504.02	2519.20	2526.25	1916.71
47 Telephone Networks (2)	1097.10	-0.3	11.18	4.52	11.66	22.38	1100.34	1114.24	1121.82	967.98
48 Miscellaneous (26)	2025.71	-0.2	8.08	2.94	14.84	24.45	2030.09	2042.65	2038.77	1392.25
49 INDUSTRIAL GROUP (486)	1214.21	+0.8	9.34	3.74	13.20	19.50	1204.92	1206.01	1207.97	987.30
51 Oil & Gas (14)	2176.34	+1.2	9.76	5.14	13.62	64.24	2149.94	2152.63	2133.19	1863.25
59 500 SHARE INDEX (500)	1295.86	+0.8	9.41	3.93	13.24	23.15	1285.27	1285.66	1286.73	1061.48
61 FINANCIAL GROUP (125)	785.77	+1.3	—	4.93	—	18.13	775.93	775.92	770.57	713.27
62 Banks (9)	769.98	+0.9	22.45	6.26	5.86	21.71	763.12	768.89	758.20	689.68
65 Insurance (Life) (8)	1191.67	+3.2	—	4.25	—	29.80	1155.26	1154.19	1155.02	1007.27
66 Insurance (Composite) (7)	629.96	+0.9	—	5.71	—	16.75	624.46	618.65	612.38	555.44
67 Insurance (Brokers) (7)	972.75	+2.2	7.76	6.38	17.33	31.63	961.12	969.28	972.13	1009.89
68 Merchant Banks (11)	359.28	+1.2	—	4.33	—	7.30	349.43	349.33	347.94	357.71
69 Property (52)	1387.37	+1.0	6.80	2.81	21.23	19.89	1374.09	1389.83	1389.56	1122.48
70 Other Financial (31)	378.18	+1.1	11.24	5.78	11.35	9.63	374.11	372.69	372.96	382.69
71 Investment Trusts (69)	1286.98	+0.5	—	2.72	—	15.02	1281.00	1283.50	1297.49	927.77
81 Mining Finance (2)	676.94	+0.4	8.21	3.86	13.57	10.45	674.52	673.71	673.71	534.87
91 Overseas Traders (8)	1420.38		10.44	5.22	11.60	35.87	1419.44	1413.94	1398.55	1178.18
99 ALL-SHARE INDEX (704)	1170.28	+0.9	—	4.07	—	21.60	1160.27	1160.56	1159.82	971.14

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 18	Jul 17	Jul 14	Jul 13	Jul 12	Year ago
FT-SE 100 SHARE INDEX ♦	2292.5	+19.4	2298.3	2268.9	2273.1	2274.9	2273.7	2258.9	2256.7	1867.2

FIXED INTEREST

PRICE INDICES	Wed Jul 19	Day's change %	Tue Jul 18	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.70	-0.11	118.07	0.24	7.00
2 5-15 years	132.91	-0.07	133.00	—	7.55
3 Over 15 years	145.18	-0.17	145.42	—	7.89
4 Irredeemables	167.13	+0.02	167.09	—	7.32
5 All stocks	130.78	-0.09	130.90	0.09	7.43
Index-Linked					
6 5 years	138.70	+0.04	138.65	—	1.34
7 Over 5 years	136.60	+0.04	136.55	—	2.33
8 All stocks	136.64	+0.04	136.59	—	2.24
9 Debentures & Loans	113.50	-0.05	113.55	—	6.16
10 Preference	87.95	+0.06	87.89	—	3.58

AVERAGE GROSS REDEMPTION YIELDS		Wed Jul 19	Tue Jul 18	Year ago (approx.)
British Government				
1 Low	5 years	9.82	9.78	9.43
2 Coupons	15 years	9.29	9.25	9.45
3	25 years	9.14	9.11	9.29
4 Medium	5 years	10.63	10.58	10.10
5 Coupons	15 years	9.78	9.70	9.64
6	25 years	9.43	9.38	9.48
7 High	5 years	10.74	10.70	10.24
8 Coupons	15 years	9.94	9.89	9.81
9	25 years	9.52	9.47	9.57
10 Irredeemables		9.17	9.17	9.71
Index-Linked				
11 Inflation rate 5%	5yrs.	3.35	3.36	2.79
12 Inflation rate 5%	Over 5 yrs.	3.59	3.59	3.68
13 Inflation rate 10%	5yrs.	2.53	2.53	1.71
14 Inflation rate 10%	Over 5 yrs.	3.41	3.41	3.70
15 Debs &	5 years	12.41	12.42	10.86
16 Loans	15 years	11.83	11.82	10.84
17	25 years	11.51	11.50	10.84
18 Preference		10.30	10.31	9.65

♦Opening index 2268.9; 10 am 2278.5; 11 am 2284.5; Noon 2290.2; 1 pm 2291.1; 2 pm 2292.0; 3 pm 2290.2; 3.30 pm 2293.7; 4 pm 2298.3
(a) 4.00pm (b) 0.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	10	78	18
Corporations, Dominion and Foreign Bonds	0	10	31
Industrials	511	294	793
Financial and Properties	246	85	329
Oils	27	21	45
Plantations	1	0	10
Mines	21	50	104
Others	35	123	100
Totals	851	661	1,430

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
[illegible]							

TRADITIONAL OPTIONS

● First Dealings Jul 10
● Last Dealings Jul 21
● Last Declarations Oct 12
● For settlement Oct 23

For rate indications see end of London Share Service

Calls in A B Electronic, Stakis, BAT Industries, Tusker Resources, Amber Day, Asda, De La Rue, Parkfield, Stonehill, Bodington, Ferranti, Brent Chemical, Anglo Group, Scantronic, United Biscuits, Marley and Tay Homes. Puts in Spong and Polly Peck. Doubles in Storngard and Walter Lawrence.

LONDON TRADED OPTIONS

BRITISH Petroleum topped the list of stocks handled on the London Traded Options Market yesterday – for the second day running – attracting 4,118 contracts, made up of 4,067 calls and only 51 puts. The underlying share price in the stock gained 4p to 309p.

Overall market business amounted to 45,977 contracts, consisting of 35,781 calls and 10,196 puts, although exact calculations of the day's business continued to be hindered by the change to a new matched-dealing system.

Trading in the FT-SE 100 Index option claimed about a third of total business, on a day when the index itself touched its highest levels since the stock market crash of October 1987.

The index ended 19.4 points up, at 2,292.5. Total business in the option came to 15,364 contracts, with 9,500 calls and 5,864 puts.

Dealings in the index and BP shadowed most other trade. Cadbury Schweppes showed a rebound of no less than 19p in its share price to 459p, but found only 1,922 contracts on the options market, consisting of 1,495 calls and 427 puts, with opening of call interest particularly strong in the August 420s and August 500s.

STC, a star performer the previous day, was again in the limelight, attracting 1,763 contracts, as well as a rise of 10p to 384p in its underlying share price.

Dealings in STC on the options market were spread between 1,688 calls and 75 puts. The most heavily traded series was that of the July 260 calls, which saw 763 contracts handled, and a gain of open interest of 300 contracts to 712.

Trusthouse Forte saw busy trade with 1,883 contracts. Sears and Scottish & Newcastle again attracted some attention, as did Rolls-Royce and Cable & Wireless.

Option	Calls			Puts		
[illegible]						

July 19 Total Contracts 45,977
Calls 35,781 Puts 10,196
FT-SE Index Calls 9500 Puts 5864
*Underlying security price. † Long dated expiry months.

FINANCIAL TIMES ARCHITECTURE AT WORK AWARD 1989

Assessors' Report/Winner

Some 70 entries were submitted and after consideration of the shortlist of buildings that they visited the jury gave the Financial Times Architecture at Work Award for 1989 to the ***Truro Courts of Justice.***

In a year when there was a particularly high standard of architectural design among the entries, it was a particular *pleasure to give the award to the outstanding new law courts* in Truro.

It is a building that demonstrates effectively how to add new architecture to old towns. This is the key problem for our smaller country towns where the delicate growth of centuries can so easily be permanently damaged by insensitive, out of scale, new buildings.

The jury were first of all particularly struck by the contribution made by the new law courts to the skyline and distant views of the town. The circular form and conical roof of the main building rises out of the clustering roofs in an elevated part of the old town. The clear white building rises out the town like a new acropolis. Initially it looks closed and mysterious, more mediaeval than Greek, and yet its forms are modern.

The town is quietly dominated by the impartial presence of the law in this new building that adds a note of formal order to the roofscape of the town. It is a rare achievement to add a *major public building so harmoniously.* Elsewhere in Truro there are examples of out of scale commercial buildings and visually damaging car parks.

Inside the white walls the architects have created a subtle plan of public spaces and courts and offices that is pleasurable to use and enjoyable to work in. Ramps, gardens, cloisters and top-lit halls on a generous scale are unified by the intelligent plan into a powerful architectural experience. The materials and colours are limited to make a building that is primarily black and white. This could easily have been bland but in Truro the result is an architectural nobility achieved by simple means. This elegance is remarkably rare, particularly in contemporary institutional buildings.

The jury spent time talking to the people who use the building. They felt that an appropriate contemporary setting for the administration of justice had been successfully achieved. The building works well at all levels and gives considerable architectural pleasure. The public sense from outside is that a real effort has been made to make a sensitive addition to the town. They are well served inside the building too, by the dignity of the circulation areas and the sobriety of the courts themselves. There is no sense of oppression inside the law courts, the atmosphere is rather one of cool enlightenment.

The award recognises not only the architectural distinction of the unusual work place but also commends an *imaginative act of public patronage.* Truro has gained a positive addition to the town and justice gains a humane and elegant image.

Commendations

Prince's Square, Glasgow. Prince's Square is a five storey speciality shopping centre in the heart of Glasgow. The original buildings consisted of a four storey merchant square built in yellow sandstone and completed in 1841. The original owner, in celebration of the birth of the Prince of Wales, later to become Edward VII, named the new building Prince's *Square. The buildings have a pleasant civic character* and are listed Grade B.

The architects have carefully preserved and restored *the original* courtyard and transformed the open space into a multi-level covered shopping centre. The three principal approaches to the main space are through the attractive 19th century buildings on Buchanan Street and two further entrances lead towards Queen Street. There is an element of secrecy and surprise at entering the huge and well-composed *volume after squeezing* through relatively narrow passages from the street.

The size of the central courtyard was calculated to enable someone looking across it to see all the shops on all floors. In addition to this simple geometrical exercise, the design of the courtyard, its columns, roof, balcony fronts and balustrades were calculated to increase in decorative richness as they rose above the ground, so that people would be encouraged to visit the upper floors.

The scheme has *none of the tawdriness* and condescending 'themery' *so* redolent, sadly, of many new shopping centres. Nor is the decoration arbitrary. It descends from the Art Nouveau tradition of Glasgow, and from that movement's interest in symbolism. The finishes and fittings to the interior, such as the wrought balustrades and mosaic floors, have been crafted by artists who work in Scotland.

The overall success of the interiors probably derives from the skill with which the new insertions are held together *by the careful interplay* between them and the tough, no nonsense stone classicism of the preserved and restored facades surrounding the main atrium. It is both a success as an exciting workplace and as a new kind of public space. Shopping becomes a pleasure and the city gains a new sense of civility and urbanity.

Stockley Park, Uxbridge, Middlesex. Stockley Park is a development on the *grand scale.* It is based on the transformation of some 350 acres of former gravel workings and rubbish tips into a major business park. It is centrally located within the London Borough of Hillingdon and the development includes the creation of 250 acres of landscaped parkland, lakes, playing fields and an 18 hole golf course; there are 90 acres of commercial development.

Major site reclamation involving some three million cubic metres of landfill material was necessary in order to establish the infrastructure of a major public park and business community for high technology industries. Arup Associates were responsible for the masterplan and for the design of many of the buildings. Other buildings by Foster Associates, Geoffrey Dark Associates and Troughton McAslan are also nearing completion.

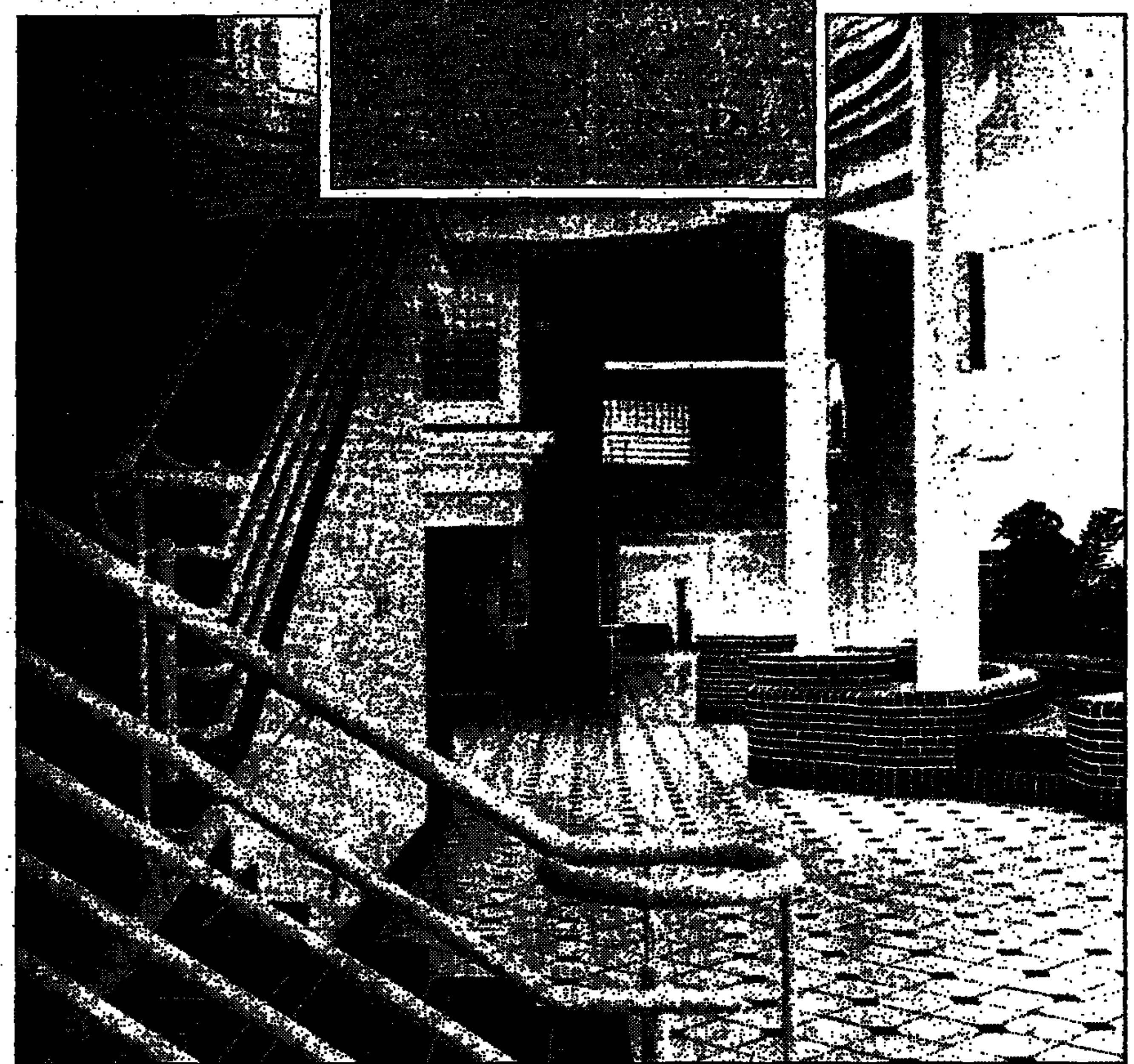
The whole complex is a magnificent achievement combining
— too rare a phenomenon in this country — strategic thinking, thoroughness
of investigation and pre-planning, a deep concern for upgrading a derelict environment and a patronage of good architecture and design.

The architecture at Stockley Park demonstrates an order and clarity of expression which allows for variations in buildings under the rigorous control of a masterplan. A set of rules for the various designers controls siting, heights, roof treatment etc. In a few years this approach may create an environment which could be a paradigm for other developments not only of this kind but perhaps of towns themselves.

David Mellor Factory, Hathersage, Derbyshire. The building is a small workshop for the manufacture of high quality modern cutlery in the village of Hathersage, some ten miles from Sheffield, in the Peak District National Park.

New development in the area is closely controlled by the Peak Park Planning Board and the building had therefore to respect local building traditions, especially in its use of materials. With the encouragement of the planners, a circular building form was chosen; this was generated by the footprint of an existing gasholder foundation, some 26 metres in diameter and the new building therefore fits comfortably into a ready made mature landscape.

The load bearing external wall of the building, clad in local stone, supports the tubular roof trusses which sit on external concrete padstones and rise towards a crown in the centre. The conical roof is clad in lead and the elegance of the structure is articulated by two architectural devices — the band of glazing at the top of the wall which allows the structure to float above the stone base, and the central glazed lantern at the crown of the roof. The building has real architectural presence and reflects the quality of the work it is designed to accommodate. It manages to combine aspects of both modernism and tradition in the creation of a workshop environment which is a pleasure to be in and a tribute to the *collaboration of the client and architect.*



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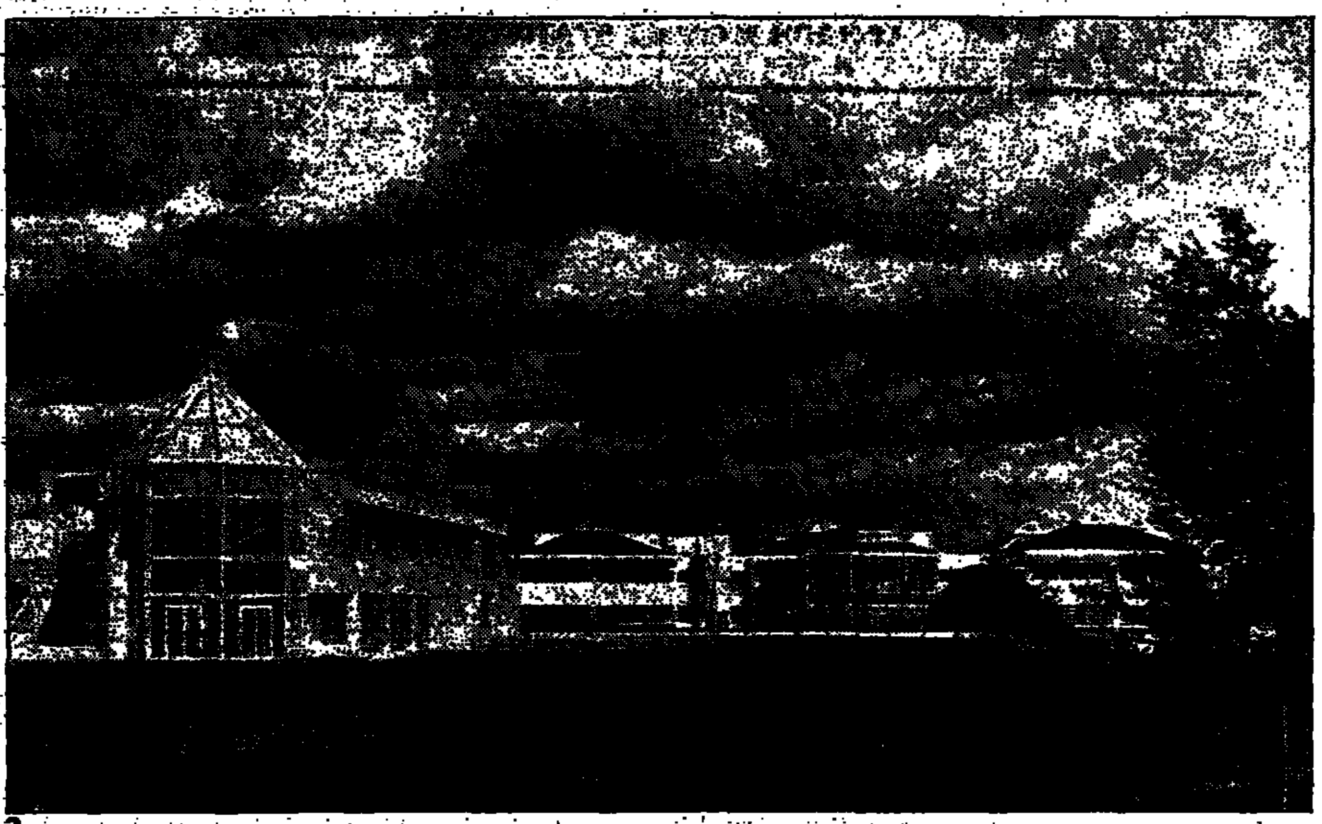

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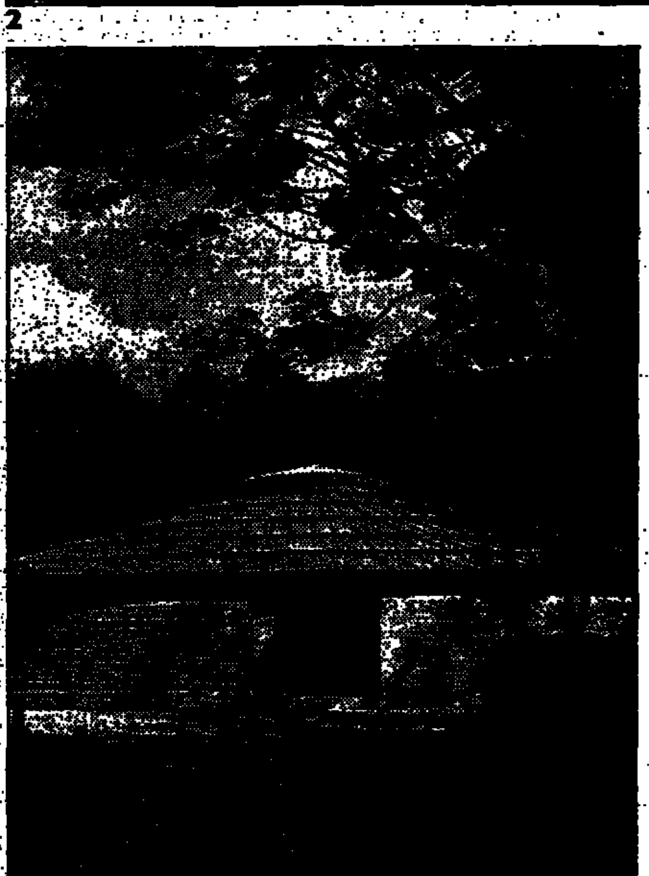

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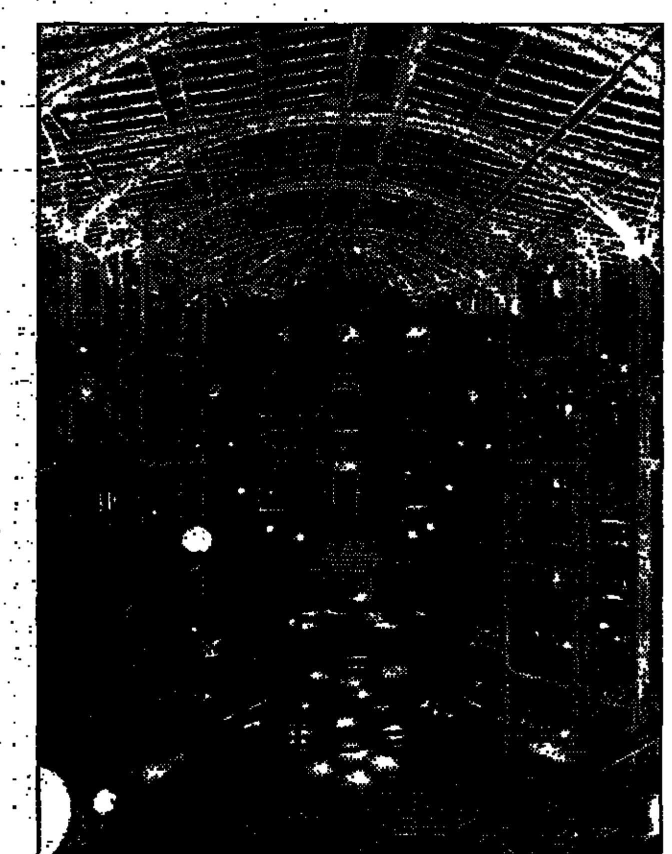

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1: Courts of Justice
Truro, Cornwall

Architect:	Evans & Shalev
Engineer:	Anthony Hunt Associates
Client:	Lord Chancellor's Department
Design and Construction Management:	Property Services Agency
Contractor:	Dudley Coles Ltd

2: Stockley Park
Uxbridge, Middlesex

Architect:	Arup Associates
Engineer:	Ove Arup & Partners
Client:	The Stockley Park Consortium Ltd
Contractor:	Schal International Ltd

3: David Mellor Factory
Hathersage, West Derbyshire

Architect:	Michael Hopkins & Partners
Engineer:	Whitby & Bird
Client:	David Mellor Design Ltd
Contractor:	David Mellor Design Ltd

4: Prince's Square
Glasgow

Architect:	Hugh Martin & Partners
Engineer:	Ove Arup & Partners
Client:	Guardian Royal Exchange & Teesland Development Co Ltd
Contractor:	Sir Robert McAlpine & Sons Ltd

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UK COMPANY NEWS

Docklands decline leads to Kentish suspension

By Clare Pearson and Andrew Taylor

KENTISH PROPERTY Group yesterday became the first housebuilder to request suspension of its shares as a result of a sharp fall in sales.

The shares were suspended at 61p pending detailed consideration of its financial position. Kentish Property specialises in development in London's former docklands.

The decision to suspend its shares followed a recent further downturn in demand for dockland flats. Sales and prices of many dockland homes fell following the stockmarket crash in October 1987.

Kentish Property shares were floated on the stock market at 185p in July 1987 prior to the market crash which led to job losses and reductions in earnings of some financial market employees who had bought homes in docklands.

The decline in house sales in docklands was separate from the more general fall in house sales and prices which occurred in London and south east England during the past ten months, and has since spread to other parts of the country.

Sales in some areas are down by a half following increases in mortgage interest rates.

Figures published yesterday by the Environment Department showed that construction orders for private housing fell by 17 per cent during the three months to the end of May, compared with the corresponding period last year.

There have been growing concerns about the strain on small housebuilders caused by low turnover and high interest rates, and the fact that they may have purchased land at inflated values.

Kentish said in April, when it announced results for 1988, that it had secured substantial pre-sales for 1989. Its pre-tax profits were £4.67m, up from £3.53m, but showed a slowing in the second half.

Specialists in docklands, with poor communications and an abundant supply of newly-built homes, would appear more vulnerable than others.

Fairclough Homes, another docklands developer, said prices of the more expensive units in docklands, in which Kentish specialises, are thought to have stabilised this year after falling by about 20 per cent from their peak. But sales volumes were still well down on previous levels.

However, Knight Frank Rutley, estate agents and chartered surveyors, claimed yesterday the docklands had suffered no more in terms of price and sales volumes than other "non-prime" areas.

Bellwinch, another small housebuilder in the south-east with a large exposure to the docklands, announced in March its pre-tax profits had tumbled by almost a half to £1.82m in the six months to end-December.

It also said it had introduced financial incentives to encourage purchasers.

A spokeswoman for the London Docklands Development Corporation said it was important to make a distinction between housebuilders constructing reasonably-priced family houses in Surrey Docks and those concentrating on luxury apartments in Wapping and Limehouse.

In unit terms, docklands accounted for 75 per cent of 1988 sales of Kentish, which also has developments in the East End and Hackney. It has made attempts to move further into commercial developments, including a joint venture with Kleinwort Benson Property Fund to acquire and run serviced business centres.

Property expansion for Taylor Woodrow

By Paul Cheeseright, Property Correspondent

TAYLOR WOODROW, the construction and property group, has taken its second major excursion into the industrial property sector with the purchase of a £28.3m portfolio.

This follows last year's £77m cash purchase of industrial properties in Warrington and marks a further effort by the group to widen the geographical scope and nature of its property interests. Taylor Woodrow's UK property portfolio is worth £527m.

The properties purchased are in the Manchester, West Yorkshire, Avon and Nottingham areas. At present they have a net income of £1.8m a year.

The seller, A Peachey, has been satisfied by the issue of 9.06m new Taylor shares, subsequently placed at 316p apiece by Hambros Bank. The price compares with the 331p standing ahead of the acquisition announcement and yesterday's closing price of 328p.

The new shares represent 2.7 per cent of the enlarged Taylor Woodrow equity.

Compare and contrast two bosses

Ray Bashford on Coalite, Anglo United, their chairmen and the bid

FROM THE moment that Anglo United, the fuel distribution group, announced its daring takeover offer for Coalite, a far bigger competitor, there were clear signs that it was going to be a hard fought contest.

The May 25 announcement of the bid left two companies, located within a few miles of one another in North Derbyshire, and headed by two men with sharply different personalities, locked in a leveraged takeover battle with the key to outcome held by 10 City institutions.

It was difficult to find anyone in the City who would even hazard an informed guess about the outcome late last week, with most preferring to allow as much time as possible for the combatants to trot out their respective arguments about the £478m offer before jumping either way.

However, yesterday, a day before the next closing date, it appeared that Anglo was gaining the upper hand, after receiving a boost to the campaign when Prudential Portfolio Managers offered half of its 5.6 per cent stake on Monday.

With acceptances believed to total between 28 and 32 per cent of the capital, as well as an 8.4 per cent stake in hand, Anglo was showing every indication, that by the offer's final close next Tuesday, it could push through the 50 per cent barrier.

Indeed, several City analysts were yesterday speculating about the possibility of a wave of acceptances which might arrive before the deadline.

Further evidence that the wind has shifted is provided by circulars from James Capel, UBS Phillips & Drew and Citicorp Scrimgeour Vickers in the past week which have come out resoundingly for Anglo.

As the bid has progressed, the arguments about the industrial logic and the leveraged financing of the deal, which appeared paramount at the time that the terms of the first offer were announced, have become subsumed by a debate about the respective management abilities of the two sides.

As one analyst put it: "What this fight has come down to is a decision among the major institutions about whether they can accept the Coalite management's assurances that things are going to get better for shareholders of the company under its present management. If they can't do this, people will go for Anglo."

Many shareholders appear to have been holding out in the vain hope of a rival bidder to throw a slightly more generous offer their way. Most institutions do not believe that an exit multiple of 12.7, or slightly higher if you accept the Anglo figure, is a lavish offer.

However, as an alternative offer can virtually be ruled out, shareholders must face the question of what will happen to Coalite's share price if the bid fails.

The speculative element buoying the shares since the beginning of the year would be ruled out in the short term, leaving them to be assessed on their fundamentals.

This makes the "jam tomorrow" argument of Coalite chairman Mr Eric Varley less attractive and leaves the shares open to a free fall of perhaps 70p below yesterday's closing price of 464p – up 14p on the day.

On a personal level, the contrast in style between Mr Varley and Mr David McErlain, the chairman of Anglo, is as great as the divide between the two when they talk about the future of Coalite.

Mr Varley, a former Labour government energy secretary, harbours no love for the entrepreneurial Mr McErlain whose commitment to Mrs Thatcher's new spirit of capitalism is demonstrated by his Tory Party fund-raising activities.

The Coalite chairman sees Mr McErlain as an upstart in the coal industry, a man more interested in asset stripping than developing the company.

Throughout the campaign Coalite has depicted Anglo as an excessively geared vehicle with which Mr McErlain plans to test his theories about the future of the coal industry.

Eric Varley – besieged by a company headed by a man of a very different political colour.

It has claimed that Anglo has an erratic record which has led to a decline in real earnings per share during the past 5½ years, leaving the company capable of paying dividends in only four out of the last six financial periods.

The Anglo chief replies that Mr Varley has presided over a period of unacceptably slow growth in terms of earnings and dividend with a management style more befitting a company a fraction of Coalite's size.

Mr Varley's style of management during his four years in the chair has left him remote from the City. Many institutions which have stuck with the company through difficult times have met Mr Varley for the first time during the company's defence operation.

Also on many occasions he has found it heavy going justifying the group's record. During the past 10 years Coalite has returned 10 per cent annual growth in pre-tax profits and 7 per cent in earnings against a UK average of 13 and 12 per cent respectively.

And although there has been a sudden recent improvement in dividends, many institutions are wondering whether this trend would continue if the bid were repelled.

Mr Varley acknowledges shortcomings in the company's previous dividend policy. "I think we've been mean with dividends. However this bid has made us concentrate our minds on the future policy."

The Coalite management's strategy of diversification away from its core fuel business has also faced a testing period. There appears to be general acceptance that a company with the cash generative power of Coalite had the capacity to insulate itself from the uncertainty of the fuel business through diversification.

However, the businesses that have been entered, such as builders' merchanting, waste disposal, vehicle distribution, quarry and aggregate businesses and the penetration achieved in those areas during the past three years has left many doubting the wisdom of the management's decisions.

Anglo takes a totally different view of the fuel distribution business, believing that the eventual privatisation of British Coal and the resultant deregulation of the coal industry throws open immense potential for expansion. For this reason it would concentrate its efforts on developing the business.

The rest of the company would be sold off to fund the leveraged takeover.

However, with the sale of the businesses so well telegraphed and the terms of the schedule for repayment to the backers of the bid so well known, people opposed to Anglo's offer claim that it would be a forced seller when it came to disposal of the subsidiaries.

With characteristic confidence Mr McErlain shrugs off such propositions, claiming that he has already received a range of offers for the larger parts of the business up for sale.

Whether he ever arrives at the position to test the validity of the interest he has already received will be decided in the next few days. But there is sufficient evidence to conclude that he has more chance of selling the businesses than Mr Varley has of adding to them.

Buy-outs on the cards at GPG

By David Lascelles, Banking Editor

THE DISPOSAL of Guinness Peat Group, the financial services concern, is likely to proceed through a series of management buy-outs rather than an outright sale.

The company, which is 61 per cent owned by creditor banks of Equiticorp of New Zealand, said yesterday that buy-out offers had been received for all but one of its businesses.

These were Fenchurch, its insurance broking arm, where negotiations are at an advanced stage, Forstmann-Leff, its new York-based fund management company and Eagle, another fund management company based in Texas.

In addition US executives had offered to buy out a group of US property businesses.

This left only the Management Compensation Group, a benefits consulting company based in Oregon. Although several outside companies had expressed an interest in buying parts of GPG, no firm offers had come forward, so the banks are willing to consider the buy-out proposals. However this will leave them still owning shares in GPG, rather than obtaining cash.

The banks became owners of GPG when Equiticorp went into voluntary liquidation at the beginning of this year. Since then, they have been trying to find buyers in order to recover their loans. They have already sold their stake in GPG's sister company, Guinness Mahon, to the Bank of Yokohama.

The board of GPG, which is being advised by Morgan Grenfell, has appointed Mr Edward Hall as a joint managing director and the chief financial officer. Two non-executive directors of GPG, Mr John Gillum and Mr Vernon Alden,and Mr Hall have been appointed members of the committee formed to negotiate each of the buy-out proposals.

Isosceles to pass payment of final dividend pledged by Gateway in bid

By Maggie Urry

Isosceles, the group which last week won the £2bn bid battle for Gateway, the food retailer, yesterday said it would not pay the 6p final dividend Gateway had promised shareholders.

The move will affect Newgateway, Isosceles' rival in the bid, as it has continued to buy Gateway shares and now holds 281m shares, 31.5 per cent of the total.

Newgateway said last night it was "sure Isosceles will act in the interests of all shareholders".

Gateway shares fell 1p yesterday to 231p.

The dividend was declared by Gateway as one of the planks of its defence against Isosceles.

When it reported results for the year to the end of April on July 4, Gateway said the dividend would be paid "if the company is not acquired".

Isosceles said yesterday it would vote against the dividend at Gateway's forthcoming annual meeting and accordingly the dividend would not be paid.

Gateway shareholders who accepted the Isosceles bid did so on the basis that they would not be entitled to dividends made or paid after April 28.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Authority Invts ......fin	4.25	-	3.5	7.5	6
Bespak ......fin	3.75	Oct 6	3	6	5
Brit Bloodstock§ ......fin	6.3†	Oct 9	6.3	8.8	8.8
British Kidney ......int	4	-	3.5	-	10.5
Bulmer (HP) ......fin	4.26	Sept 11	3.945	6.945	6.5
Creighton Labs §......fin	4	-	4	5.6†	5.4
Drayton Far East ......int	0.5☆	Aug 25	0.4	-	2.1
First Leisure ......int	1.125	-	0.9	-	2.93
Harland Simon ......fin	3	-	1.8	4	2.4
Logitek ......fin	2.4	-	1.8	3.6	2.7
Neepsend ......fin	0.8	-	1	1.2	1
Priest (Ben) ......fin	0.6	-	0.4	0.9	0.8
Raglan Property ......fin	0.165†	Oct 23	0.132	0.165	0.132
Scot Amer Inv ......int	0.8	Oct 5	0.59	-	2.57
Tinsley (Eliza)§ ......fin	3	Oct 2	2.8	4.8	3.95
Total Systems ......fin	nil	-	0.75	nil	0.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆To reduce disparity.

WPP makes $6m purchase in Texas

WPP Group, the advertising and marketing services group, is expanding in Texas with the acquisition of Anderson Communications for a maximum $6m (£3.7m).

Anderson, which trades as Anderson Fischel, is a recruitment advertising and public relations agency with billings of $18m and pre-tax profits of $400,000 for the year to February 28 1989.

Separately, WPP said four of its directors have sold their entitlements to the company's rights issue and invested the proceeds in preference shares. They are Mr Martin Sorrell, chief executive, Mr John Symonds, chairman, Mr Robert Lerwill and Mr Gordon Sampson.

John Govett falls in behind Lilley's offer

By Philip Coggan

Lilley's chances of succeeding in its £126m hostile offer for fellow construction group Tilbury appeared to improve yesterday when John Govett, the fund management group, pledged irrevocably to accept the offer on behalf of a 14.1 per cent stake owned by discretionary clients.

The move sparked a sharp reaction from the Tilbury board, which has asked the Takeover Panel to investigate whether Lilley and Govett are acting in concert. Mr Bob Rankin, Lilley's chief executive, said that there was "no truth at all" in the allegation.

John Govett has already sold a 3.9 per cent stake in Tilbury to Lilley, which is offering 619p per share in ordinary and convertible preference shares. Lilley now has a 9.8 per cent holding and it called yesterday for Tilbury to enter into discussions and argued that the board "should not continue to stand in the way of the transaction".

Tilbury rejected the approach and Mr Mike Bottjer, chief executive, said that "we have no intention of meeting Lilley to discuss this attempt to buy Tilbury on the cheap".

In a statement, Tilbury said that it understood that Lilley had discussions with John Govett prior to the announcement of the offer. It added that it was told orally by Lilley on June 30 – when the first bid approach was made – that John Govett "had given an irrevocable undertaking to accept any bid".

However, Mr Rankin said that Lilley approached a number of shareholders, including John Govett, to discuss its intentions before launching the bid. He denied that he had told Tilbury that John Govett had given an irrevocable undertaking.

Govett also owns a further 3.6 per cent which has not been pledged to the offer.

Goode Durrant likely to reject Nash request for seats on board

By Ray Bashford

THE BOARD of Goode Durrant, the industrial and financial management company, is today expected to reject a request from the company's biggest shareholder for two seats on the board.

Mr Michael Warring, Goode Durrant's managing director, said he did not believe that members of the Nash family, which on June 30 acquired a 14.9 per cent stake in the company through Winnedael, could make a contribution to the development of the group.

The comment was made after a meeting yesterday between Mr Warring and Mr Tim Nash, a senior executive in the Dutch company.

At the meeting Mr Nash made the request for the board seats and also gave an assurance that it had "no current intention to significantly increase its investment beyond its present shares and options."

In addition to the 14.9 per cent acquired from FAI Insurance, the Australian company headed by Mr Larry Adler, the Dutch company also has an option to buy a further 5 per cent. However, Bank of England approval would be needed to take up these additional shares.

Mr Tim Nash said that he was entitled to the board seats being the biggest shareholder and also because he could "contribute experience and expertise" to Goode Durrant's management.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bensons Crisps, Cardiff Property, Devenport Vernon, Denmans Electrical, Dewhirst, Electronic Machine, Free State Cons Gold, River & Mercantile, Selective Assets, Throgmorton USM Trust, Transvaal Gold Mining, Tribune Investment Trust.

Finals- Black Arrow, Cray Electronic, Elbief, Great Universal Stores, Stanley Leisure, Victoria Carpets.

FUTURE DATES

Interims-	
Bank Leumi (UK)	July 28
Holders Technology	July 28
HK & Shanghai Banking	Aug. 22
ICI	July 27
Robinson (Thomas)	Aug. 1
Sycamore	July 21
Finals-	
Amalgamated Fin Invs	July 25
BBB Design	July 31
Dalepak Foods	July 24
Lebowa Platinum	July 27
Priam Leisure	July 28
Rustenburg Platinum	July 27
Wood (John D)	July 25

Resignation by Trevian director

Mr David Dutton, former chairman of Trevian Holdings, the USM-quoted property group, has now resigned as a director.

Mr Dutton stepped down as chairman in March after selling the majority of his stake to Frogmore Estates, the property investment group.

Frogmore holds 29.9 per cent of Trevian.

Last week, Trevian announced pre-tax profits doubled from £1.04m to £2.7m in the year to April 5 1989.

However, it was forced to take a net provision of £714,000 below the line to cover interest costs in its Mirra Holdings associate.

Babcock Intl flotation begins the FKI demerger process

By David Waller

FKI BABCOCK, the boilers and electricals group, yesterday announced the flotation of Babcock International Group, which is the first stage in its plan to divide itself into three new companies.

Existing FKI shareholders will be offered one new share in Babcock International for each FKI share they have at the moment. The new shares will pay a gross dividend of 3p in the year to March 1990.

Assuming a share price of 57p, the price at which 15m BIG shares were conditionally placed with institutions yesterday, the yield will be 7 per cent and the new company will be capitalised at £268.5m.

Mr Jeff Whalley, FKI deputy chairman, said that BIG would be the ultimate in "green" stocks with a large part of its business servicing the cleaning of the UK's power stations. The company recently won a £300m contract for flue gas desulphurisation equipment at the Drax power station in Yorkshire.

In the year to the end of March BIG reported operating profits of £33.6m and turnover of £525m, compared with a loss of £19.64m in the fifteen months to March 1988. The order book stands at £1bn. The company includes contract operations such as Claudius Peters and the Rosyth Royal Dockyard, 65 per cent owned by BIG via Babcock Thorn.

Mr Tony Gartland, FKI chief executive, reiterated his complaint that the stock market had failed to value the company adequately, and that the parts would be worth much more than the whole.

Plans to restructure the group were announced in principle in March and modified earlier this summer. The next step in the restructuring is to complete the auction of the US business, which could raise between $450m and $550m. Morgan Stanley, the US investment bank, was retained to conduct an auction and FKI expected to complete the sale by the end of next month. Net proceeds will be distributed to FKI shareholders.

BIG is designed to appeal to institutional investors interested in high yields while FKI will maintain a higher dividend cover with the intention of being rated as a growth stock.

FKI's shares rose 1p to 178p yesterday. Analysts suggest that the company could be worth between 185p and 210p per share on the basis of the planned break-up.

The 15m new shares were placed in order to bolster BIG's balance sheet so that it could secure lines of credit for its contracting business. The new company's net tangible assets will be £51m, £35m of which will be cash.

The chairman of BIG will be Lord King of Wartnaby, currently chairman of FKI Babcock.

Babcock, best known for its Renfrew boilers business, was put together with FKI Electricals, a much smaller company headed by Mr Gartland, in the summer of 1987. Despite the grandeur of its name, Babcock was incurring heavy losses and Mr Gartland "rationalised" it with the loss of 1,700 jobs and the closure of 10 factories.

GENMIN GROUP

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1989

All companies mentioned are incorporated in the Republic of South Africa

- Improved rand gold price
- Costs contained
- Working profit up by 15 percent

STILFONTEIN Gold Mining Company Limited

Company Registration No. 05/33412/06

Margaret Shaft back in operation

Issued capital—13 062 920 shares of 50 cents each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Mined	(m²)	40 966	36 569	77 535
Ore milled—underground	(t)	218 000	151 000	369 000
—surface dumps	(t)	287 000	228 000	515 000
—total	(t)	505 000	379 000	884 000
Yield—underground	(g/t)	4,2	5,5	4,7
—surface dumps	(g/t)	1,1	1,2	1,2
—combined	(g/t)	2,4	2,9	2,6
Gold produced	(kg)	1 225	1 111	2 336
Working revenue	(R/kg)	32 122	31 131	31 651
Working costs	(R/kg)	28 865	28 878	28 866
	(R/t milled)	69,99	84,65	76,28
Working income	(R/kg)	3 257	2 253	2 785
Gold price received	(R/kg)	32 033	31 125	31 606
	($/oz)	375	395	385

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Working revenue	39 349	34 587	73 936
Working costs	35 347	32 084	67 431
Working income	4 002	2 503	6 505
Sundry income—net	1 115	1 419	2 534
Proceeds of insurance claim	—	2 020	2 020
Tribute payments—net	1 988	420	2 408
Income before taxation and State's share of income	3 129	5 522	8 651
Taxation and State's share of income	(527)	2 515	1 988
Dividend received—Chemwes	24 000	—	24 000
Income after taxation and State's share of income	27 656	3 007	30 663
Capital expenditure	340	166	506
Dividend declared	26 126	—	26 126

DEVELOPMENT		Quarter ended 30.6.1989 Vaal Reef	V.C.R.	Quarter ended 31.3.1989 Vaal Reef	V.C.R.	6 months ended 30.6.1989 Vaal Reef	V.C.R.
Advanced	(m)	857	164	806	25	1 785	139
Advanced on reef	(m)	270	122	263	19	533	141
Sampled	(m)	320	106	195	15	505	120
Channel width	(cm)	11	44	11	73	11	48
Average value—gold	(g/t)	106,8	16,6	140,0	4,4	118,9	14,3
	(cm.g/t)	1 132	726	1 512	320	1 271	684
—uranium	(kg/t)	2,385	0,325	2,493	0,045	2,418	0,272
	(cm.kg/t)	25,28	14,45	26,92	3,27	25,99	13,05

REMARKS
- Margaret Shaft is hoisting ore from a temporary loading box whilst the rubble is being cleared from shaft bottom.
- Estimated capital expenditure for the next six months—R5,5 million.
- Interim dividend No. 70 of 200 cents per share was declared.

Chemwes Limited

Company Registration No. 64/03276/06

(A subsidiary of Stilfontein Gold Mining Company Limited)

Extraordinary dividend

Issued capital—1 000 shares of R1 each.

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Net income after taxation	2 880	[illegible]	2 897
Capital expenditure	—	18	18
Dividend declared	30 000	—	30 000

REMARKS
- A dividend of R30 million was declared.

The GROOTVLEI Proprietary Mines Limited

Company Registration No. 01/02096/06

Restructuring improves results

Issued capital—11 436 816 stock units of 25 cents each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Mined	(m²)	[illegible]	[illegible]	[illegible]
Ore milled—underground	(t)	[illegible]	[illegible]	[illegible]
—surface dumps	(t)	[illegible]	[illegible]	[illegible]
—total	(t)	[illegible]	[illegible]	[illegible]
Yield—underground	(g/t)	[illegible]	[illegible]	[illegible]
—surface dumps	(g/t)	[illegible]	[illegible]	[illegible]
—combined	(g/t)	[illegible]	[illegible]	[illegible]
Gold produced	(kg)	[illegible]	[illegible]	[illegible]
Working revenue	(R/kg)	[illegible]	[illegible]	[illegible]
Working costs	(R/kg)	[illegible]	[illegible]	[illegible]
	(R/t milled)	[illegible]	[illegible]	[illegible]
Working income/(loss)	(R/kg)	[illegible]	[illegible]	[illegible]
Gold price received	(R/kg)	[illegible]	[illegible]	[illegible]

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Working revenue	[illegible]	[illegible]	[illegible]
Working costs	[illegible]	[illegible]	[illegible]
Working income/(loss)	[illegible]	[illegible]	[illegible]
Sundry income—net	[illegible]	[illegible]	[illegible]
Tribute payments—net	[illegible]	[illegible]	[illegible]
Income before taxation	[illegible]	[illegible]	[illegible]
Taxation	[illegible]	[illegible]	[illegible]
Income after taxation	[illegible]	[illegible]	[illegible]
Capital expenditure/(recoupment)	[illegible]	[illegible]	[illegible]
Dividend declared	[illegible]	[illegible]	[illegible]

DEVELOPMENT: [illegible]

REMARKS
- The mine has improved the average underground grade mined and is focusing on more profitable areas.
- Labour and operating costs have been reduced. [illegible]
- Estimated capital expenditure for the next six months—[illegible]
- [illegible]

Marievale mine

(A division of Randex Limited)

Yield and profit deteriorate

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	12 months ended 30.6.1989
Mined	(m²)	[illegible]	[illegible]	[illegible]
Ore milled—underground	(t)	[illegible]	[illegible]	[illegible]
—surface dumps	(t)	[illegible]	[illegible]	[illegible]
—total	(t)	[illegible]	[illegible]	[illegible]
Yield—underground	(g/t)	[illegible]	[illegible]	[illegible]
—surface dumps	(g/t)	[illegible]	[illegible]	[illegible]
—combined	(g/t)	[illegible]	[illegible]	[illegible]
Gold produced	(kg)	[illegible]	[illegible]	[illegible]
Working revenue	(R/kg)	[illegible]	[illegible]	[illegible]
Working costs	(R/kg)	[illegible]	[illegible]	[illegible]
Working income	(R/kg)	[illegible]	[illegible]	[illegible]
Gold price received	(R/kg)	[illegible]	[illegible]	[illegible]

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	12 months ended 30.6.1989
Working revenue	[illegible]	[illegible]	[illegible]
Working costs	[illegible]	[illegible]	[illegible]
Working income/(loss)	[illegible]	[illegible]	[illegible]
Sundry income—net	[illegible]	[illegible]	[illegible]
Income before taxation	[illegible]	[illegible]	[illegible]
Capital expenditure	[illegible]	[illegible]	[illegible]

DEVELOPMENT		Quarter ended 30.6.1989	Quarter ended 31.3.1989	12 months ended 30.6.1989
Advanced	(m)	[illegible]	[illegible]	[illegible]
Advanced on reef	(m)	[illegible]	[illegible]	[illegible]
Sampled	(m)	[illegible]	[illegible]	[illegible]
Channel width	(cm)	[illegible]	[illegible]	[illegible]
Average value—gold	(g/t)	[illegible]	[illegible]	[illegible]

REMARKS
- The first stage of surface high-grade clean-up has been completed [illegible]

BRACKEN Mines Limited

Company Registration No. 68/01126/06

Improved results

Issued capital—14 000 000 shares of 90 cents each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Mined	(m²)	47 617	45 485	145 176
Ore milled	(t)	164 000	170 000	533 000
Yield	(g/t)	3,4	3,2	3,2
Gold produced	(kg)	555	544	1 696
Working revenue	(R/kg)	32 571	32 732	32 997
Working costs	(R/kg)	30 265	32 486	31 429
	(R/t milled)	102,42	103,99	98,42
Working income	(R/kg)	2 308	236	1 568
Gold price received	(R/kg)	32 155	31 255	31 883
	($/oz)	379	399	397

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Working revenue	18 077	17 806	55 633
Working costs	16 797	17 678	52 989
Working income	1 280	128	2 644
Sundry income—net	717	562	1 610
Tribute and royalty payments—net	100	7	107
Income before taxation and State's share of income	1 897	683	4 147
Taxation and State's share of income	362	224	729
Income after taxation and State's share of income	1 535	459	3 418
Capital expenditure	340	153	693
Dividend declared	—	1 400	1 400

DEVELOPMENT—Kimberley Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Advanced	(m)	414	473	1 649
Advanced on reef	(m)	93	22	190
Sampled	(m)	69	18	181
Channel width	(cm)	9	9	15
Average value—gold	(g/t)	97,2	144,4	47,7
	(cm.g/t)	875	1 300	715

REMARKS
- The planned scale-down has reduced production to 54 000 tons per month at a marginally increased grade.
- Estimated capital expenditure for the next six months—R1,3 million.

BUFFELSFONTEIN Gold Mining Company Limited

Company Registration No. 06/33934/06

Costs contained

Issued capital—11 000 000 ordinary shares of R1 each.
—12 400 158 cumulative preference shares of R1 each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	Year ended 30.6.1989
Gold				
Mined	(m²)	129 236	126 515	534 773
Ore milled	(t)	584 000	562 000	2 368 000
Yield	(g/t)	6,3	6,3	6,4
Gold produced	(kg)	3 664	3 521	15 058
Working revenue	(R/kg)	31 999	31 258	32 259
Working costs	(R/kg)	26 040	27 099	26 261
	(R/t milled)	163,38	169,78	166,99
Working income	(R/kg)	5 959	4 159	5 998
Gold price received	(R/kg)	31 951	31 188	32 212
	($/oz)	377	396	406
Uranium				
Pulp treated	(t)	582 000	562 000	2 368 000
Oxide produced	(t)	98	105	423
Yield	(kg/t)	0,17	0,19	0,18

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	Year ended 30.6.1989
Gold—Working revenue	117 243	110 061	485 758
—Working costs	95 411	95 415	395 444
—Working income	21 832	14 646	90 314
Uranium—Working income	5 295	3 365	19 637
Sundry income—net	4 620	3 324	12 999
Tribute payments—net	3 592	2 437	12 834
Income before taxation and State's share of income	28 155	18 898	110 116
Taxation and State's share of income	10 238	5 413	38 723
Dividends received—Chemwes	[illegible]	—	380
Share of income—Beatrix mine	2 857	1 836	8 329
Income after taxation and State's share of income	20 774	15 321	80 022
Capital expenditure	3 430	2 826	19 821
Dividends declared—ordinary shares	41 250	—	59 950
—preference shares	16 000	9 641	43 729

DEVELOPMENT—Vaal Reef and limited 'C' Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	Year ended 30.6.1989
Advanced	(m)	6 276	5 630	23 576
Advanced on reef	(m)	325	442	2 089
Sampled	(m)	326	400	1 980
Channel width	(cm)	97	100	83
Average value				
—gold	(g/t)	12,2	8,4	12,7
—	(cm.g/t)	1 187	843	1 052
—uranium	(kg/t)	0,296	0,265	0,361
—	(cm.kg/t)	28,83	25,66	28,56

REMARKS
- The Tertiary Shaft feasibility study has been completed. The project is not profitable in its present form and at current gold prices.
- Estimated capital expenditure for the next six months—R8,9 million.
- Final dividends No. 64 of 375 cents per ordinary share and No. 9 of R15 million in respect of the preference shares were declared.

Beatrix mine

(A division of Buffelsfontein Gold Mining Company Limited)

Good performance

In terms of an agreement, 16 percent of the distributable income from the Beatrix mine is attributable to Buffelsfontein and 84 percent to Beatrix Mines Limited.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	Year ended 30.6.1989
Mined	(m²)	123 337	118 174	490 898
Ore milled	(t)	540 000	540 000	2 150 000
Yield	(g/t)	6,1	6,1	6,1
Gold produced	(kg)	3 301	3 294	13 015
Working revenue	(R/kg)	32 013	31 306	32 302
Working costs	(R/kg)	18 570	18 041	18 343
	(R/t milled)	142,57	138,70	140,37
Working income	(R/kg)	13 443	13 265	13 959
Gold price received	(R/kg)	31 942	31 249	32 265
	($/oz)	379	398	405

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	Year ended 30.6.1989
Working revenue	105 675	103 123	420 416
Working costs	61 298	59 428	238 738
Working income	44 377	43 695	181 678
Sundry income—net	3 130	1 806	7 859
Royalty payments—Beatrix Mines Limited	15 851	15 465	63 062
Income before taxation	31 656	30 036	126 475
Provision for taxation	9 229	11 811	47 808
Taxation saving—Buffelsfontein	(21 061)	—	(21 061)
Income after taxation	43 488	18 224	99 728
Capital appropriation	27 079	6 891	48 408
Dividends on preference shares	15 000	9 641	43 729

DEVELOPMENT—Beatrix Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	Year ended 30.6.1989
Advanced	(m)	8 233	7 963	32 860
Advanced on reef	(m)	1 875	1 925	7 389
Sampled	(m)	1 875	1 809	6 960
Channel width	(cm)	55	56	54
Average value—gold	(g/t)	12,3	13,1	12,7
	(cm.g/t)	677	734	689

REMARKS
- Estimated capital expenditure for the next six months—R11 million.
- The attention of shareholders is drawn to the quarterly report of Beatrix Mines Limited, which appears elsewhere in this edition.
- The amount of R21,061 million tax saving shown above represents the settlement of part of the objection lodged with the Commissioner for Inland Revenue. Further material amounts are still under negotiation with the Commissioner of Inland Revenue.

WEST RAND Consolidated Mines Limited

Company Registration No. 01/01978/06

Reduced operating loss restores overall profitability

Issued capital—4 250 000 ordinary shares of R1 each.
— 25 000 deferred shares of R2 each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Mined	(m²)	23 936	30 689	54 625
Ore milled—underground	(t)	81 000	103 000	184 000
—surface dumps	(t)	157 000	214 000	371 000
—total	(t)	238 000	317 000	555 000
Yield—underground	(g/t)	5,0	4,7	4,8
—surface dumps	(g/t)	0,5	0,5	0,5
—combined	(g/t)	2,0	1,8	1,9
Gold produced	(kg)	480	585	1 065
Working revenue	(R/kg)	32 310	31 130	31 662
Working costs	(R/kg)	32 764	40 036	36 759
	(R/t milled)	66,08	73,88	70,54
Working income/(loss)	(R/kg)	(454)	(8 906)	(5 097)
Gold price received	(R/kg)	32 086	31 112	31 568
	($/oz)	375	395	387

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Working revenue	15 509	18 211	33 720
Working costs	15 727	23 421	39 148
Working income/(loss)	(218)	(5 210)	(5 428)
Sundry income—net	988	771	1 759
Tribute and royalties—net	—	—	—
Income/(loss) before taxation	770	(4 439)	(3 669)
Taxation	—	—	—
Income/(loss) after taxation	770	(4 439)	(3 669)
Capital expenditure/(recoupment)	(317)	(387)	(704)

DEVELOPMENT		Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Advanced	(m)	986	976	1 962
Advanced on reef	(m)	494	604	1 098
Sampled	(m)	486	465	951
Channel width	(cm)	144	200	171
Average value—gold	(g/t)	7,4	5,6	6,4
	(cm.g/t)	1 072	1 125	1 096

REMARKS
- Additional payable face was established during the quarter.
- Emphasis is being placed on the reduction of overheads in line with reduced production levels.
- Estimated capital expenditure for the next six months—Nil.
- No interim dividends were declared.

UNISEL Gold Mines Limited

Company Registration No. 72/10604/06

Production restored

Issued capital—28 000 000 shares of no-par value.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Mined	(m²)	42 503	38 561	128 056
Ore milled	(t)	270 000	254 000	799 000
Yield	(g/t)	5,9	5,8	5,9
Gold produced	(kg)	1 605	1 470	4 678
Working revenue	(R/kg)	32 160	31 270	31 989
Working costs	(R/kg)	18 976	19 317	18 595
	(R/t milled)	119,30	118,33	115,64
Working income	(R/kg)	13 184	11 953	13 394
Gold price received	(R/kg)	32 023	31 205	31 853
	($/oz)	375	387	397

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Working revenue	51 616	45 967	149 643
Working costs	30 457	28 396	86 988
Working income	21 159	17 571	62 655
Sundry income—net	1 815	1 012	3 675
Milling fee paid	1 753	1 811	5 405
Income before taxation and State's share of income	21 221	16 772	60 925
Taxation and State's share of income	8 911	3 868	24 306
Income after taxation and State's share of income	12 310	12 904	36 619
Capital expenditure	4 806	7 854	15 824
Dividend declared	—	12 600	12 600

DEVELOPMENT		Quarter ended 30.6.1989 Basal Reef	Leader Reef	Middle Reef	"A" Reef	"B" Reef	Quarter ended 31.3.1989 Basal Reef	Leader Reef	Middle Reef	"A" Reef	"B" Reef	9 months ended 30.6.1989 Basal Reef	Leader Reef	Middle Reef	"A" Reef	"B" Reef
Advanced	(m)	2 232	651	117	—	6	1 551	748	62	35		5 228	1 801	336	35	6
Advanced on reef	(m)	176	348	36	—	6	163	330	23	35		423	965	178	35	6
Sampled	(m)	112	276	24	—	6	155	330	23	25		380	804	141	25	6
Channel width	(cm)	136	166	136	—	169	136	215	45	198		132	202	96	158	169
Average value—gold	(g/t)	11,4	2,5	3,5	—	1,9	12,8	3,9	2,8	8,9		12,7	2,6	5,4	8,9	1,9
	(cm.g/t)	1 555	411	476	—	318	1 612	835	88	134		1 669	531	521	134	318

REMARKS
- Sub-inclined shaft project proceeding according to plan.
- Estimated capital expenditure for the next six months—R14,6 million.

LESLIE Gold Mines Limited

Company Registration No. 59/01124/06

Reef intersected in the Northern Block

Issued capital—16 000 000 shares of 65 cents each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Mined	(m²)	42 534	51 008	169 324
Ore milled—underground	(t)	158 000	182 000	605 000
—surface dumps	(t)	87 000	96 000	259 000
—total	(t)	245 000	278 000	864 000
Yield—underground	(g/t)	4,4	3,5	3,5
—surface dumps	(g/t)	0,5	0,5	0,5
—combined	(g/t)	3,0	2,5	2,6
Gold produced	(kg)	735	690	2 246
Working revenue	(R/kg)	32 525	32 319	32 548
Working costs	(R/kg)	26 660	31 764	29 157
	(R/t milled)	79,98	78,84	75,86
Working income	(R/kg)	5 865	555	3 391
Gold price received	(R/kg)	31 871	31 301	31 729
	($/oz)	386	412	405

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Working revenue	23 906	22 300	73 169
Working costs	19 595	21 917	65 545
Working income	4 311	383	7 624
Sundry income—net	904	375	1 573
Tribute and royalty payments—net	3	(3)	3
Income before taxation and State's share of income	5 212	761	9 194
Taxation and State's share of income	1 317	(401)	1 680
Income after taxation and State's share of income	3 895	1 162	7 514
Capital expenditure	1 333	836	2 599
Dividend declared	—	2 400	2 400

DEVELOPMENT—Kimberley Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Advanced	(m)	1 242	1 418	4 699
Advanced on reef	(m)	274	384	987
Sampled	(m)	272	368	1 014
Channel width	(cm)	22	24	28
Average value—gold	(g/t)	16,9	28,4	18,6
	(cm.g/t)	371	682	522

REMARKS
- The 14 cross-cut north into the Northern Block (Borehole No. 1906) has intersected reef at some 1 000 centimetre grams per ton. Development to establish the extent of the block is under way.
- Estimated capital expenditure for the next six months—R1,1 million.

KINROSS Mines Limited

Company Registration No. 63/08226/06

Declines under way

Issued capital—18 000 000 stock units of R1 each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Mined	(m²)	113 965	109 905	350 708
Ore milled	(t)	526 000	527 000	1 571 000
Yield	(g/t)	5,7	5,7	5,7
Gold produced	(kg)	3 001	3 000	8 951
Working revenue	(R/kg)	31 895	31 376	31 982
Working costs	(R/kg)	18 503	18 261	18 457
	(R/t milled)	105,57	103,95	105,16
Working income	(R/kg)	13 392	13 115	13 525
Gold price received	(R/kg)	31 762	31 279	31 801
	($/oz)	384	407	402

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Working revenue	95 717	94 129	286 273
Working costs	55 528	54 784	165 210
Working income	40 189	39 345	121 063
Sundry income—net	4 552	2 103	9 337
Income before taxation and State's share of income	44 741	41 448	130 400
Taxation and State's share of income	23 829	21 649	71 081
Income after taxation and State's share of income	20 912	19 799	59 319
Capital expenditure	7 231	6 738	18 959
Dividend declared	—	27 000	27 000

DEVELOPMENT—Kimberley Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Advanced	(m)	3 174	3 148	10 058
Advanced on reef	(m)	1 047	1 197	3 539
Sampled	(m)	998	1 149	3 422
Channel width	(cm)	33	30	32
Average value—gold	(g/t)	21,5	28,3	24,6
	(cm.g/t)	710	848	787

REMARKS
- Sinking of the Northern and Eastern declines started in May this year. The reef should be intersected in the first quarter of 1990.
- Estimated capital expenditure for the next six months—R10,0 million.

WINKELHAAK Mines Limited

Company Registration No. 55/03606/06

Trial stoping starts at No. 6 Shaft

Issued capital—12 180 000 shares of R1 each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Mined	(m²)	122 468	135 789	396 751
Ore milled	(t)	486 000	505 000	1 506 000
Yield	(g/t)	5,8	5,6	5,6
Gold produced	(kg)	2 801	2 840	8 481
Working revenue	(R/kg)	32 378	31 720	32 252
Working costs	(R/kg)	20 896	20 125	20 349
	(R/t milled)	118,00	113,18	114,59
Working income	(R/kg)	11 482	11 595	11 903
Gold price received	(R/kg)	32 006	31 399	31 883
	($/oz)	378	401	398

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Working revenue	90 690	90 086	273 529
Working costs	58 529	57 156	172 577
Working income	32 161	32 930	100 952
Sundry income—net	2 725	2 087	6 871
Tribute and royalty payments—net	(20)	194	357
Income before taxation and State's share of income	34 906	34 823	107 466
Taxation and State's share of income	6 353	13 330	33 022
Income after taxation and State's share of income	28 553	21 493	74 444
Capital expenditure	19 820	11 248	45 882
Dividend declared	—	20 097	20 097

DEVELOPMENT—Kimberley Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	9 months ended 30.6.1989
Advanced	(m)	3 921	3 793	10 874
Advanced on reef	(m)	734	679	1 922
Sampled	(m)	657	576	1 649
Channel width	(cm)	77	70	75
Average value—gold	(g/t)	13,9	18,8	17,1
	(cm.g/t)	1 070	1 316	1 286

REMARKS
- Trial stoping has commenced at No. 6 Ventilation Shaft. The No. 6 Main Shaft has reached the 16 level elevation and remains within budget and on schedule.
- Estimated capital expenditure for the next six months—R39 million.

ST. HELENA Gold Mines Limited

Company Registration No. 06/20743/06

Steady performance

Issued capital—9 625 000 ordinary shares of R1 each.
—3 825 035 'A' cumulative preference shares of R1 each.
—3 825 035 'B' cumulative preference shares of R1 each.
—2 455 000 'C' cumulative preference shares of R1 each.

OPERATING RESULTS		Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Mined	(m²)	110 765	103 689	214 454
Ore milled	(t)	530 000	540 000	1 070 000
Yield	(g/t)	5,0	5,0	5,0
Gold produced	(kg)	2 650	2 700	5 350
Working revenue	(R/kg)	32 157	31 188	31 668
Working costs	(R/kg)	27 893	27 088	27 487
	(R/t milled)	139,47	135,44	137,43
Working income	(R/kg)	4 264	4 100	4 181
Gold price received	(R/kg)	32 080	31 246	31 659
	($/oz)	374	396	385

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Working revenue	85 215	84 208	169 423
Working costs	73 917	73 138	147 055
Working income	11 298	11 070	22 368
Sundry income—net	3 003	2 653	5 656
Income before taxation and State's share of income	14 301	13 723	28 024
Taxation and State's share of income	1 431	740	2 171
Income after taxation and State's share of income	12 870	12 983	25 853
Taxation offset on Oryx capital expenditure	3 994	4 527	8 521
Attributable to ordinary shareholders	8 876	8 456	17 332
Capital expenditure	702	1 328	2 030
Dividend declared	15 400	—	15 400

DEVELOPMENT		Quarter ended 30.6.1989 Basal Reef	Leader Reef	Quarter ended 31.3.1989 Basal Reef	Leader Reef	6 months ended 30.6.1989 Basal Reef	Leader Reef
Advanced	(m)	3 301	349	3 060	160	6 361	509
Advanced on reef	(m)	448	140	261	100	709	239
Sampled	(m)	372	153	243	128	615	281
Channel width	(cm)	109	233	131	196	117	216
Average value							
—gold	(g/t)	10,1	4,0	6,8	3,6	8,7	3,8
—	(cm.g/t)	1 101	936	885	704	1 018	830

REMARKS
- A programme to improve productivity has been initiated.
- Estimated capital expenditure for the next six months—R4,8 million.
- Interim dividend No. 68 of 160 cents per ordinary share was declared.

Oryx mine

(A division of St. Helena Gold Mines Limited)

Shaft sinking exceeds expectations

OPERATING RESULTS Beisa Reef		Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Ore milled	(t)	17 955	22 715	40 670
Gold produced	(kg)	40,2	50,0	90,2

FINANCIAL RESULTS (R'000)	Quarter ended 30.6.1989	Quarter ended 31.3.1989	6 months ended 30.6.1989
Net income after taxation	777	707	1 484
Capital expenditure	62 543	46 156	108 699

SHAFT SINKING
Sinking of the No. 1B Ventilation Shaft by the RUC-Thyssen joint venture, using a shaft borer for the first time in South Africa, has exceeded expectations. A depth of 542 metres below the collar was reached at the end of the quarter.
The sub-vertical main and ventilation underground shaft headgears are nearing completion.

CONSTRUCTION
Hoist chambers and ancillary excavations on 4 and 5 levels are nearly completed. Underground development advanced 469 metres (previous quarter 879 metres) and excavation of 16 922 cubic metres (previous quarter 18 988 cubic metres) was completed. Civil, mechanical and electrical construction is proceeding according to plan.

EXPLORATION
Boreholes have failed to confirm the postulated extension of the known orebody.

REMARKS
- Capital expenditure is financed by loans from Oryx Gold Holdings Limited.
- To date capital expenditure of R327 million has been committed, of which R262 million has been spent. The programme continues on budget.
- The attention of shareholders is drawn to the quarterly report of Oryx Gold Holdings Limited, which appears elsewhere in this edition.

NOTES
1. On 19 July 1989 dividends were declared by certain of the abovementioned companies, payable to members registered at the close of business on 4 August 1989.
   The registers of members of the companies will be closed from 7 August 1989 to 18 August 1989, both days inclusive.
   The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in Sterling at the rate of exchange ruling on 1 September 1989, or the first day thereafter on which a rate of exchange is available.
   Dividend warrants will be posted on 15 September 1989.
   In the case of non-resident shareholders, taxation of 15 percent will be deducted.
   The full conditions of payment may be inspected at or obtained from the registered office.
2. Development values represent actual results of sampling. No allowance has been made for any adjustments which may be necessary when estimating ore reserves.
3. All financial figures are unaudited.
4. The quarterly reports have been approved by the respective boards.

Johannesburg, 20 July 1989

Registered and head office
General Mining Building
6 Hollard Street
Johannesburg 2001
(PO Box 61820, Marshalltown 2107)

London office
Gencor (UK) Limited
30 Ely Place
London EC1N 6UA

Transfer offices
South Africa:
Central Registrars Limited
154 Market Street, Johannesburg 2001
(PO Box 4844, Johannesburg 2000)

United Kingdom:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Copies are available from the London office

Gencor Group

UK COMPANY NEWS

Discotheques prove merit of investing in quality facilities

First Leisure soars 36% to £8.2m

By Lisa Wood

CONTINUING STRONG growth from dancing and sports contributed to a 36 per cent increase in pre-tax profits from £6m to £8.2m at First Leisure in the six months to April 30.

Lord Delfont, chairman, said the good results stemmed from the continued implementation of the group's clear strategy for growth. Future prospects were good, with the group aiming for pre-tax profits growth of at least 20 per cent a year.

Turnover for the half year increased from £32.2m to £35.8m, an increase of 11 per cent. Operating profits were £9.3m, an increase of 35 per cent with interest charges at £1.05m compared with £815,000 last year.

The resorts and taverns division made a profits contribution of £558,000 (£590,000) which included the sale of businesses including pubs.

First Leisure said the discotheque business had proved the merit of investing in quality facilities at key locations. The first half saw further organic growth from these operations.

The profits flow from the five new Super Bowls plus newly refurbished bowls, had significantly boosted profits for this business. Investment in squash and fitness clubs and in snooker continued to produce good returns.

Both of the group's West End theatres saw the end of successful productions in the first half. Lord Delfont said the two new productions – Anything Goes and Aspects of Love – looked set for extended runs.

The contribution from property was £1.2m compared with last year's £794,000, which was indicative of the company's active management of its free hold estate.

Earnings per share of 4.2p, showed an increase of 45 per cent, with the directors proposing an interim dividend of 1.125p, an increase of 25 per cent on last year's 0.9p.

Lord Delfont – aiming for profits growth of 20 per cent

● COMMENT

First Leisure's results confirm that personal consumer spending on hospitality is not falling in the UK. The company's dancing and sports division – with their small ticket spend – performed particularly well. Heavy investment in these two areas last year by First Leisure will continue to strengthen their market presence – and their contribution in the coming years. This in turn will give greater equilibrium to the first and second half contributions which have in the past been affected by the seasonality of some of the businesses. A large scale refurbishment and re-development programme of the company's resort assets will start to roll out this year. Analysts are looking for about £26.4m for the full year – with interest costs fixed for this year and next – giving a prospective p/e of 15.6.

Bulmer fails to sparkle with 32% downturn

By Lisa Wood

INCREASED MARKETING expenditure on cider and higher interest charges contributed to a 32 per cent fall, from £15m to £10.2m, in pre-tax profits at H P Bulmer for the year to April 28.

Mr Esmond Bulmer, chairman of the cider manufacturing and retailing group, said the results reflected in large measure the decision to invest more money in marketing cider brands with the group gaining market share in a dull market.

Cider marketing expenses were increased by £5m and marketing expenditure on other drinks by more than 50 per cent.

Turnover was £195.9m compared with £178.9m the previous year.

Operating profits were £13.7m against £17.9m last time.

Cider and fruit juices contributed £7.4m (£12.8m), wines and spirits £2.5m (£2.9m), Pectin £2.5m (£1.7m) and Australia £1.3m (£366,000).

Interest charges rose from £1.7m to £2.9m. Group borrowings increased to £13m, mainly due to the acquisition of Symonds Cider in July 1988.

There were no extraordinary items, compared with £2.7m last time.

Mr Bulmer said the beer distribution business again made excellent sales progress, while profits from wines and spirits made progress in some areas.

Earnings per share were 9.84p, down from 15.8p. The directors recommend a final of 4.26p (3.9p) making a total dividend of 6.9p (6.5p) for the year.

Benjamin Priest encounters favourable winds to top £8m

By John Thornhill

HELPED By the first full-time contribution from its Lewmar acquisition, Benjamin Priest Group raised pre-tax profits by 54 per cent, from £5.3m to £8.19m, in the year to end-March.

Mr Christopher Walliker, chairman of the West Midlands based engineer, said: "It was an extremely good year and better than we expected. Everything went well for us."

Lewmar, the yachting equipment maker bought in 1987, contributed £3.12m (£1.29m) to trading profits, benefiting from reorganisation, further investment and product development, Mr Walliker claimed.

Overall, trading profits were up 53 per cent at £9.02m (£5.95m) – a proportionately lower interest charge of £829,000 (£631,000) was responsible for the slightly greater advance at the pre-tax level.

Operating profits by division were: specialised components £3.03m (£2.36m); marine products £3.12m (£1.29m); engineering services £2.35m (£1.52m).

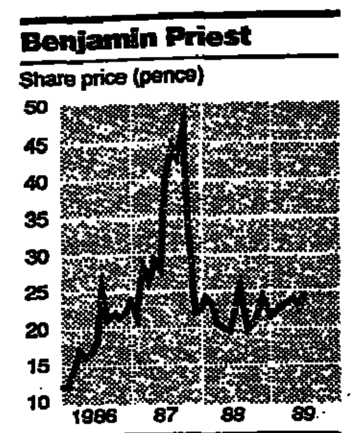
Tax payments rose from £1.35m to £2.35m representing an increase from a 25 per cent to 29 per cent rate. Next year, Priest expects to incur the full tax rate of 35 per cent.

Richfield Marine Thrusters, which makes hydraulic systems, was bought early this year and has been incorporated in the marine products division under Lewmar's management. It did not contribute materially this year.

In March, Priest sold its Colin Stewart Minerals business to management for £5.36m. This helped to eliminate the group's bank borrowings and the debt/equity ratio at the year end fell from 26.5 per cent to 2 per cent.

Turnover rose 42 per cent to £101m (£71.36m). A 50 per cent increase in total dividend to 0.9p is recommended, with a final of 0.6p. Earnings per share grew to 2.92p (2.48p).

The company is proposing to consolidate its 200m 5p shares into 25p shares.



● COMMENT

Benjamin Priest has successfully pulled itself round from the losses of the early 1980s and is now growing healthily across the board. There have been anxieties in the City about the Lewmar acquisition as it experienced some difficulties in the first half. But on yesterday's evidence these worries would seem to have been banished and Lewmar looks to have good growth prospects in the power boat sector. Priest's other activities should not be overlooked. They have shown strong sales growth and improved margins and should flourish further as a result of the recent high capital investment; a strong balance sheet following the disposal of the minerals business will also facilitate their expansion by means of acquisition. A conservative pre-tax profit forecast of £9.5m puts Priest on a prospective multiple of just under 8. That seems a shade ungenerous although it should be remembered that earnings will be held back because of the full tax charge.

Bimec expands and calls for £4.5m via rights

Bimec, the USM-quoted effluent treatment engineer, has acquired Allan Ford Aircraft Services, a private aerospace industry supplier, for up to £3.75m and is making a one-for-four rights issue to raise £4.53m, writes Edward Sussman.

The initial payment will be £1.65m; a maximum of £2.1m in profit-related consideration may also be paid.

Allan Ford, based in Lancashire, produces complex aerospace shapes using high temperature alloys. It earned £269,000 pre-tax in the six months to March 31 and has net assets of £400,000. Its principal client is Rolls-Royce.

Mr Sam Smith, Bimec chairman, said the acquisition was in line with the group's planned expansion in the environmental, electrical and aerospace sectors.

The rights issue will involve 12.7m shares, underwritten by Kleinwort Benson, at 38p per share, compared with yesterday's unchanged market price of 48p. Mr Smith said he will take up his entire 925,000 entitlement.

Bimec plans a dividend of at least 0.75p for the current year.

Logitek higher at £2.75m

By Alan Cane

LOGITEK, a computing services company based in Standish, Greater Manchester, which specialises in Unix-based systems, reported sharply increased revenues and profits for the year ended March 31.

Revenues were up 37 per cent at £29.2m, against £21.37m, while pre-tax profits rose 34 per cent from £2.06m to £2.75m.

The result was achieved despite a softening in the UK market in the third quarter and increased competition.

Logitek is a distributor of computer systems with special interests in communications and networking. It supplies systems manufactured by Altos, Wyse Technology and 3Com of the US and Sony and Panasonic of Japan among others.

In January it formed a new operating subsidiary, LTSS, from its technical services division to concentrate on providing third party maintenance, networking and communications and training.

Formation of the new subsidiary was part of a wider group reorganisation which saw Logitek established as a holding company with two operating subsidiaries, LTSS and Logitek Computers.

According to Mr Jim Pickup, chief executive, improved sales and profitability resulted from a number of factors including an emphasis on decentralised financial controls and management of assets and enhanced product portfolio. During the year new distribution agreements were signed with Panasonic, Racal, Milgo and Informix.

Logitek is profiting from the move among computer users to systems based on Unix, operating software for small and medium-sized computers, which is an industry standard.

Earnings per share increased to 15.28p (11.49p). The proposed final dividend of 2.4p makes a total for the year of 3.6p (2.7p), an increase of 33 per cent.

Alpha Ests for USM with £8.8m tag

By Vanessa Houlder

ALPHA ESTATES, a commercial property developer, is coming to the USM through a placing that capitalises it at £8.8m.

Gilbert Eliott Corporate Finance is placing 1.9m shares at 75p. Dealings are expected to start on July 27.

The company has completed nine projects since its formation in 1985 and is engaged in a further 12 developments, principally in Yorkshire and the Midlands. At present it is chiefly focusing on Sheffield and South Yorkshire.

"There is a steady stream of businesses relocating or expanding their northern operations," said Mr Andrew Taylor, chairman. "In Sheffield, we have experienced a 100 per cent rise in office rents over the past two and a half years."

Pre-tax profits have grown from £44,000 in the year to June 30 1987 to £957,000 in 1988-89. Net asset value at that date amounted to £4.40m or 37.5p per share. The historic price earnings multiple is 12.2.

Hanson/Wassall

Hanson has increased its stake in Wassall, the mini-conglomerate headed by two former Hanson executives.

It has bought 566,000 more shares, bringing its holding up to 3.12m shares (13.39 per cent).

Hanson, one of the original backers of Wassall, said the decision to increase its stake followed an opportunity to buy a line of stock at an attractive price.

Ward Group £9m acquisition

Ward Group, the Yorkshire-based structural steel and building components company with substantial operations on the Continent, is paying £9m to buy Abbseal, a glass processor based in Leeds, writes Clare Pearson.

Ward said some seven of its companies at the moment bought a range of specialist glass for incorporating in building work. The acquisition adds a fourth leg to the company's activities.

The consideration is being satisfied with a vendor placing of 2.19m shares, and the issue of a further 620,000 shares to the vendors. Abbseal produced pre-tax profits of £869,000 on turnover of £6.56m in the year to end-March. Net assets are about £1.69m.

Abbseal expects in due course to establish a glass processing plant in mainland Europe, where Ward has been expanding rapidly by acquisition.

Clyde disposes of Goal stake

Clyde Petroleum, the independent oil company, yesterday sold its 18 per cent stake in Goal Petroleum, its smaller rival, for £24.78m, or 104p per share. The stake was placed with a wide range of institutions, writes Steven Butler.

Clyde acquired the stake in two tranches in early 1987 for 58p per share.

Clyde said at the time it was interested in a friendly merger with Goal, although Goal said it wished to remain independent.

Both companies have grown substantially in the intervening 2½ years.

Goal shares yesterday closed 7½p lower at 104½p.

Simon Eng adds to aircraft activities

By Vanessa Houlder

Simon Engineering, the equipment, services and manufacturing group, has agreed to pay £15m (£9.3m) for the aircraft de-icing equipment business of Trump Industries and Ted Trump Company and certain assets of associated companies.

The Trump Group makes and sells truck mounted aerial de-icing equipment for aircraft. This is expected to be complementary to the access platforms, aircraft refuellers and airport crash trucks supplied by Simon Access.

The acquisition will be based on figures for the year to July 31, showing profits excluding non-recurring items of not less than $3m and turnover of not less than $20m. The assets acquired are expected to be valued at a minimum of $10m.

Payment will take the form of $10m cash on completion, plus $5m payable over five years.

NEWS DIGEST

Raglan rises 73% to £1.5m

RAGLAN PROPERTY Trust, the property developer and investor, yesterday unveiled a 73 per cent increase in pre-tax profits to £1.5m for the 12 months ended March 31.

The advance, from £871,889 in the previous year, was struck on the back of a £2.6m improvement in turnover to £11.83m.

Mr David Anderson, chairman, said that increased activity, resulting from the implementation of group plans over the past two or three years, was now beginning to show through in both profits and the balance sheet.

Following the £4.8m acquisition in December of a property portfolio from LAS Investment Assurance and a revaluation of Raglan's existing investment properties net asset value per 1p share was standing 15 per cent higher at year-end at 11.8p.

Directors are proposing an increase in the dividend from 0.132p to 0.165p, payable from earnings of 0.67p (0.43p).

Glynwed International has a 21.6 per cent interest in Raglan's equity.

Eliza Tinsley at record £1.4m

Largely reflecting organic growth, the Eliza Tinsley Group produced record profits for the year ended March 31, and is raising the year's dividend by 21.5 per cent.

The USM-quoted group makes and distributes chains and builders' hardware. It lifted turnover 19 per cent to £14.21m (£11.93m) and pre-tax profit 21 per cent to £1.41m (£1.17m). Earnings were 12.52p (10.28p) and the final dividend is 3p for a total of 4.8p (3.95p).

Mr ER Jeynes, chairman, said emphasis had continued to be on improving market share, greater productivity and higher added value products. In the opening quarter of the current year sales and profits were ahead, he said.

Profits at Eliza Tinsley & Co advanced significantly, helped by reorganisation of warehousing and distribution. JT Parkes benefited from higher added value products and greater penetration of the grass care market. However Griffin had "a rather difficult year", partly arising from the integration of the plastic garden products division of Clearplas and the move to new premises.

Neepsend declines 33% to £501,000

Neepsend, the Sheffield-based engineering, tool production and metal processing group, yesterday reported a 33 per cent contraction in profits for the year to March 31.

The pre-tax outcome – £501,000 against the previous year's £747,000 – was struck after an £84,000 exceptional item. Mr Stanley Speight, chairman, attributed the downturn to increased interest charges and disappointing performances by two subsidiaries.

Mr Speight said that the problem areas had now been dealt with. The loss-making Neepsend castings offshoot has been sold, with the purchaser holding an option over land and buildings.

Ferro Alloys and Metals reported a £100,000 decline in profits due to exchange rate and price pressures. The division now operates with a reduced workforce and is profitable, Mr Speight said.

Interest charges increased from £345,000 to £444,000. Gearing stands at 45 per cent.

Earnings per share dipped to 3.79p (4.97p) and a proposed final dividend of 0.8p makes 1.2p (1p) for the year.

Property side raises Authority to £3.1m

Authority Investments, the banking and property group, raised profits from a restated £2.62m to £3.1m pre-tax for the year to April 30.

The contribution from banking and financial services declined by £290,000 to £2.19m while that from property services expanded by £526,000 to £2.05m.

Mr David Blackhouse, chairman, said the group had emerged more focused as an integrated property finance and development company with offshore interests.

He believed that despite current uncertain prospects for both interest rates and residential property values the company would present further improved results for 1989-90.

Turnover totalled £9.13m (£13.11m). Basic earnings rose by 3.5p to 25.4p, or on a fully diluted basis by 3.1p to 23.2p. A final dividend of 4.25p raises the total by 1.5p to 7.5p.

US problems affect Creighton Labs

Creighton Laboratories suffered a profit reduction of almost 19 per cent for the year ended March 31 1989, following the warning last month of the adverse effect of problems in the US.

This USM quoted maker of toiletries, soaps and fragrances saw its pre-tax figure decline from £1.26m to £1.03m, although turnover rose 23 per cent to £8.47m (£6.86m).

The shares yesterday eased 2p to 253p.

Weakness in the US market was the main reason for the decline, Mr R D Collard, chairman, reported. That became more pronounced and the last quarter was "most unsatisfactory".

Apart from the US, "business had been excellent", he said. In the current year the US side was still weak but he was confident that new accounts and the growth of own brands would produce a satisfactory result.

Earnings in the year fell to 16.6p (23.2p). The final dividend is 4p for a total of 5.6p (5.4p) on capital increased by a rights issue.

Bespak up over £500,000 to £3.7m

Taxable profits of Bespak, a manufacturer of specialised aerosol valve systems, improved from £3.15m to £3.71m for the year to end-April. Turnover was some £2m higher at £20.26m.

The directors said the future looked encouraging now that the company had a sound base in a growing market, a wider customer base and new products.

It was pointed out that the US was becoming increasingly important and that sales had increased by 26 per cent in dollar terms. The US business was expected to grow rapidly.

Earlier this year Bespak paid £1.23m for a 40 per cent interest in Elettro Plastica, a Milan-based manufacturer of pumps and plastic injection moulding.

The share of losses of associated companies was cut to £28,000 (£167,000) and interest costs were trimmed by £27,000 to £103,000.

Earnings emerged 2p higher at 17.6p and a final dividend of 3.75p raises the total by 1p to 6p.

Total Systems profits slump

Total Systems, the USM-quoted supplier of computer software and hardware, yesterday reported a collapse in profits and passed its dividend for the year to March 31.

Profits slumped from £835,000 to £97,000 on turnover down from £2.88m to £2.1m; earnings per share were 0.59p (5.58p). Last year's dividend was 0.75p but the directors do not consider it prudent to make a current payment.

There had been a slow start to the current year but it was too early to predict the outcome. Steps had been taken to reduce overheads.

Revamp at Milford Bakery to halt slide

A further loss was sustained in the half year ended February 27 1989 by Milford (Donegal) Bakery and Flour Mills. However, benefits from a rationalisation programme started in the period should be reflected in future, the directors stated.

Also, the benefits therefrom should outweigh the disruption to the business caused by the seven-week strike which started on February 17.

Control of the company changed hands last October when Mr Mian Sher Mohammad Rafique, acting for family interests, bought 62.5 per cent of the shares from executive directors and their family interests. Further shares were acquired through a subsequent mandatory offer.

In the period under review, turnover fell from I£3.29m to I£3.1m, or £2.7m in sterling. The loss came to I£202,000 (I£211,000), or 33.67p (35.17p) per share.

Heavy going for British Bloodstock

The British Bloodstock Agency reported pre-tax profits down from £563,000 to £500,000 in the year to March 31 1989.

Mr Michael Wates, chairman, ascribed the downturn to several factors including further write-down in the value of the stallion share portfolio, higher interest charges, a fall in commission from the sales of stallion nominations and insurance and a higher provision for bad debt.

Turnover slipped to £5.07m (£5.38m) with gross revenue down to £47.6m (£49.51m). However after tax and minorities, the profit for the year was £361,000 (£339,000). Earnings worked through at 10.1p (9.8p) and the directors are maintaining the dividend at 8.8p via an unchanged final of 6.3p.

Mr Wates said that areas of future increased activity included the international transport of horses; the expansion of BBA Insurance Services; new stallion syndications; increased market share at international horse sales; the growing use of the Hastings Hydrotherapy Centre; and the new services of BBA Bloodlines.

Canadian Marconi earnings rise 26%

Canadian Marconi, the avionics and defence products group 52 per cent controlled by GEC, reported a 26 per cent gain in earnings for the first quarter ended June 30, mainly due to the acquisition of Cincinnati Electronics Corp in the US late last year.

Net profit was C$5.5m (£2.84m) or 23 cents per share, up from $4.4m or 18 cents a year earlier, on sales of $81.5m ($56m).

Organic growth lifts Harland Simon

Substantial increases in profits and earnings were achieved by Harland Simon Group in the year to March 31 1989.

This manufacturer of drive controls and computer-based systems more than doubled turnover to £40.7m (£19.62m), raised operating profit 85 per cent to £5.82m (£3.14m) and pre-tax profit 64 per cent to £5.47m (£3.33m).

The directors said the emphasis on organic growth would continue but acquisitions would be considered where appropriate.

Earnings came through at 22.9p (14.7p) fully diluted. The dividend is raised to 4p (2.4p) via a proposed final of 3p.

Argyll pleased with progress

Mr Alistair Grant, chairman of Argyll Group, said he was pleased with the current trading performance of the food retailer, and with the progress in the opening of new stores and the conversion of the Presto outlets.

By March 1991 the Safeway chain, which accounts for two-thirds of group sales at an annual running rate of £2.5bn, would have 370 stores.

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This move is regarded as key to the effective control of operations worldwide and has presented opportunities for a number of experienced and talented financial specialists to join the group at a demanding and exciting phase of its existence.

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FINANCIAL ACCOUNTANTS

Your responsibilities in this challenging role would not only include extensive involvement in the generation of accounts for the TI Group, but also the undertaking of projects to further develop and enhance existing accounting procedures. In the Head Office environment you would be the focus for the world wide accounting functions providing technical advice on UK financial accounting procedures.

Candidates should be fully qualified Chartered Accountants with at least two years post qualified experience. With strong technical accounting skills you will have had experience of treasury management, financial modelling and will be fully up to date with current financial developments. Ref MCS/8864.

ACCOUNTANTS— INFORMATION SYSTEMS

The generation of financial management information is vital to the continued success of TI Group. These positions will be key in providing that information through the advanced financial computer system. On a day-to-day basis you would be responsible for the generation of the monthly management information pack, the annual plan and forecasts. In the longer term you could advise on the further development of the TI computer system.

These are challenging positions for computer literate accountants with at least two years post qualification experience. You will have worked in a commercial environment and will have had extensive experience of producing "user friendly" management information. Ref MCS/8865

INTERNATIONAL ACCOUNTANTS

Reporting to the International Taxation Manager you would be responsible for the development of the internal charging of all services provided by one group company to another. In addition to this role, which will require extensive travel, will involve other tax orientated exercises related to international finance structure.

These challenging positions will require candidates qualified to ACA/ACMA with at least two years' experience in an engineering environment.

Because of the lengthy periods out of the office you will have to be self motivated with the ability to mix with all levels of personnel. A knowledge of a European language and tax experience would be a distinct advantage. Ref MCS/8866.

All the above positions offer major opportunities for accountants looking to develop their career within a fast moving organisation. Career prospects are excellent either within the Head Office environment or throughout the company. Rewards will be commensurate with the importance of the positions and the ability of the successful candidates. The positions carry attractive negotiable salaries, an executive car, and appropriate benefits.

If you wish to be considered for any of the above positions please send a full CV together with details of current salary quoting the appropriate reference number to: Penny Stocks Executive Selection Division, Price Waterhouse, Management Consultants, Livery House, 169 Edmund Street, Birmingham B3 2JB

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Ideally aged between 30 and 40, you will have several years' experience in the publicity or public relations field, at a senior level, preferably in media-related areas and will have a thorough understanding of the responsibilities involved in running a promotions department. Proficiency in French or German would be an advantage but is not essential.

In the first instance send your detailed CV to Bob Gunning, Senior Consultant, Austin Knight Selection, 17 St. Helen's Place, London EC3A 6AS. Please quote ref: 1024/JRG/89.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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Application forms and a detailed job description are available from Mrs Lesley Baikie, FSMD Ltd, Emerson Court, Alderley Road, Wilmslow, SK9 1NX. Tel: 0625 530050.

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Further particulars may be obtained from the College secretary, Wolfson College, Cambridge CB3 9BB (tel.0223 335900). Applications should be submitted to the President by 25 August 1989.

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COMPANY NOTICES

RIGGS NATIONAL CORPORATION
USD 100,000,000
FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the Notes notice is hereby given that for the period 20 June 1989 to 20 September 1989 the notes will carry a rate of interest of 9$\frac{5}{8}$ per cent per annum with a coupon amount of USD 245.97.

CHEMICAL BANK
AS AGENT

RIGGS NATIONAL CORPORATION
USD 60,000,000
FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the notes notice is hereby given that for the period 20 June 1989 to 20 September 1989 the notes will carry a rate of interest of 9$\frac{11}{16}$ per cent per annum with a coupon amount of USD *247.57*

CHEMICAL BANK
AS AGENT

WALES

The Financial Times proposes to publish this survey on:

11th September 1989

For a full editorial synopsis and advertisement details, please contact:

Clive Radford
on (0272) 292565

or write to him at:

Merchants House
Wapping Road
Bristol
BS1 4RW
Fax: (0272) 225974

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INTERNATIONAL APPOINTMENTS

Mallinckrodt
Europe

Division Controller Europe Medical Company

The Mallinckrodt Medical Company is based in St. Louis, USA and has activities in all European countries with several divisions. The European Headquarters, located in one of the most attractive areas of Germany between Cologne and Bonn, is the administrative centre of the European operations.

In view of the continuing outstanding growth the company now requires European Divisional Controllers.

Reporting to the General Manager and working closely with the European Controller the Division Controller will take full responsibility for all controlling activities including but not limited to the following areas:

- Strategic Planning
- Budgeting
- P & L Consolidations
- Asset Management
- Forecasting
- U.S. and Local Reporting

For this key position, we are looking for a high calibre, CA or equivalent with minimum 2 years PQE, who is familiar with US and German reporting, has worked in multi-currency environments and has gained hands-on-experience with EDP and PC-spreadsheet programs. Experience in industry, although not essential, would be an advantage. A sound knowledge of the German language is essential.

The position carries a *salary commensurate with experience and local cost of living together with an excellent benefits package* including 30 days annual holiday; a non-contributory pension plan and relocation assistance will be provided where applicable. Future prospects in this challenging position are extremely good for the right candidates who can demonstrate the commitment and flexibility necessary in this varied role.

To apply, please send a CV and details related to past activities to Klaus Stein, Human Resources Manager.

Mallinckrodt Medical Europe
Josef-Dietzgen-Straße 1, D-5202 Hennef, Tel. 02242/887-179 (W.-Germany)

LEGAL NOTICES

C Penfolds (Building Supplies) Limited
(Company Number 730378)

Notice is hereby given, pursuant to Section 175 of the Companies Act 1985 that:-

a) The above named Company has approved a payment out of capital for the purpose of acquiring its own shares by purchase.

b) The amount of the permissible capital payment is £27054 in respect of part of the purchase of 500 A Ordinary and 1600 B Ordinary Shares of £1 each, registered in the name of Margaret Alice Penfold. Special Resolutions approving the payment out of capital and the contract for the purchase of such shares were passed at an Extraordinary General Meeting of the Company held on 17th July 1989.

c) A statutory declaration made by all the Directors for the time being of the Company and the report of Messrs S W Frankson & Co., Auditors to the Company, addressed to the Directors of the Company and required by Section 173 of the Companies Act 1985 are available for inspection on any week day (Saturdays and public holidays excepted) until 21 August 1989 at the registered office of the company at Goods Depot, West Ruislip Station, Middx.

d) A Creditor of the company may, at any time within five weeks immediately following the 17 day of July 1989, apply to the Court under Section 176 of the Companies Act 1985 for an order prohibiting the payment.

By order of the Board
B Penfold
Secretary

No. 004080 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
GREENWICH RESOURCES plc
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th day of July, 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company by the sum of £12,831,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Peter Gibson at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday the 31st day of July, 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 17th day of July, 1989

McKenna & Co.,
71 Queen Victoria Street,
London, EC4V 4EB

Solicitors for Greenwich Resources plc

COMMODITIES AND AGRICULTURE

Cocoa price 'has nowhere to go but down'

By Richard Mooney

COCOA PRICES are set to fall further over the next five years as world stocks continue to rise from the present record level. This is the conclusion of a comprehensive report published today by the Economist Intelligence Unit.

"The price of cocoa has nowhere to go but further down, barring crop disasters," says the EIU. "In 1992-93 the ICCO (International Cocoa Organisation) indicator price is expected to average only 54 cents a lb in current dollars, some 34 per cent less than in 1987-88 (and more than 9 per cent lower than on July 13 this year)."

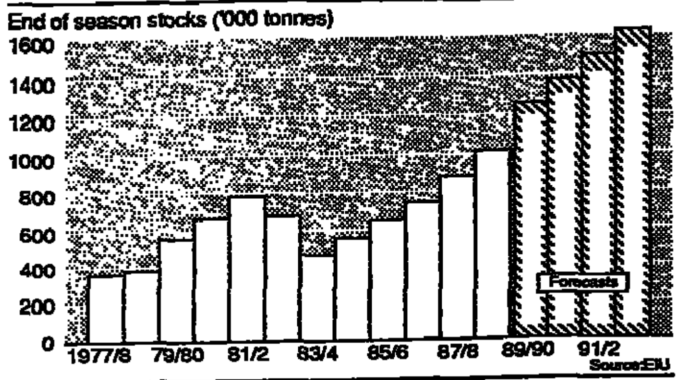
Although they see income rather than price as the main influence on per capita cocoa consumption, the report's authors expect such low prices to result in unusually strong consumption growth over the period – but not strong enough to halt the inexorable rise in world stocks.

They project that consumption will grow by an average 3.7 per cent a year in the five years to 1992-93, compared with a long term average of 2.2 per cent. At the same time they see production growth slowing to an average 3 per cent a year from 3.8 per cent over the previous 10 years. "So great was the surplus of net production over consumption in 1987-88 (161,000 tonnes), however, that the faster growth of consumption than of output forecast for these five years will not be sufficient to eliminate it," the report says.

In consequence stocks are projected to nearly double from 889,000 tonnes at the end of the 1987-88 season (equivalent to more than five months' consumption at the 1987-88 rate) to 1.61m tonnes (or more than eight months' consumption) by the end of the 1992-93 season. The report estimates that during that season the excess of supply over consumption will still be running at 115,000 tonnes.

Cocoa

End of season stocks ('000 tonnes)



Source: EIU

The study warns against taking the stocks figures too literally, however. "Not all the cocoa which is alleged to be in store could be made available to the market at short notice," it says. "Nevertheless, the rising ratio of stocks to consumption seems bound . . . to bring pronounced price weakness with it."

The authors say the apparent paradox of sinking prices being accompanied by strong output growth is explained by the fact that cocoa producers respond to changes in the world price only after a very long time lag. "It can take the traditional cocoa bush seven years to reach full maturity," they point out, "although the new higher yielding hybrids come into full production more quickly.

"The rise in production expected over the next four or five years is the result of planting that took place several years ago when prices were much higher – $1.09 a lb in 1983-84 for instance."

The report also explains that there is little scope for short term adjustment of supply in response to unfavourable prices. "The fixed costs of production, in particular the costs associated with establishing the cocoa farm, form a significant proportion of total costs," it says. "Thus, so long as the marginal costs of production are below the price received by the grower then it is in his interest to continue production at the same level."

"Some high cost producers may cut back on fertilisers, etc, thereby reducing yields, but on the whole farmers continue to harvest as much of the cocoa produced on their farm as they can," the report says.

The EIU says world cocoa production looks set hit a record 2.294m tonnes in 1988-89 and projects that, "assuming no climatic disasters," the total will reach 2.517m in 1992-93. It attributes the continued steady expansion of cocoa production chiefly to "the increased rate of adoption of the new high yielding hybrid varieties."

No country has made greater use of these varieties than Malaysia, which, according to the report, has practically all its cocoa area planted with hybrids. And it is this country that is projected to show the biggest production increase up to 1992-93, with an 80,000 tonnes rise from 1988-89 to 300,000 tonnes.

Over the same period Brazil's output is expected to increase from 430,000 to 480,000 tonnes; Ghana's from 200,000 to 240,000 tonnes; Ecuador's from 85,000 to 110,000 tonnes; Indonesia's from 58,000 to 75,000 tonnes; Nigeria's from 140,000 to 150,000 tonnes; Cameroon's from 130,000 to 140,000 tonnes; Papua New Guinea's from 36,000 to 44,000 tonnes; Colombia's from 54,000 to 60,000 tonnes; and Mexico's from 42,000 to 47,000 tonnes. But output in the Ivory Coast, the world's biggest cocoa producer, is expected to slip back from this year's bumper crop of 730,000 tonnes to about 700,000 tonnes in 1992-93.

On the consumption side the EIU says the outlook, "in the absence of any dramatic change in the price of cocoa or chocolate confectionery," is for a continuation of the upward trend "especially if the trend towards greater consumption of solid chocolate bars continues."

By 1992-93 world consumption is forecast by the EIU to reach 2.377m tonnes, up from an estimated 2.056m tonnes in 1988-89. Set against net production (total production less a 1 per cent allowance for processing loss) of 2.492m tonnes, that would leave a surplus of 115,000 tonnes, which would be the ninth in succession.

The authors expect the moribund International Cocoa Agreement to be extended in order to avoid the liquidation of its 250,000-tonne buffer stock holding, which would depress prices still further. They do not, however, envisage the reactivation of buffer stock buying during the forecast period. In any case, the report says, reactivation would only be expected to provide, at best, temporary relief to the downward pressure on prices which is exerted by the continuing situation of oversupply by removing 100,000 tonnes of the surplus over the period 1990-92.

"Indeed," says the report, "in many ways the buffer stock's very existence adds to the downward pressure on the price of cocoa for its effect is much greater than a similar quantity of cocoa held elsewhere . . . It is there, its volumes are verified and it can be made available to the market at short notice if required."

Eventually, the study argues, the low prices forecast throughout the period to 1992-93 will take their toll of production. But it will take years for the effects of an unwillingness to expand acreage or replace old trees to show through in production figures.

"The world may again see a cocoa supply deficit and soaring prices," it says, "but not before the mid-1990s at the earliest."

Cocoa to 1993 – A Commodity in Crisis; EIU, 40 Duke St, London W1A 1DW. £140, UK and Europe; $295, North America; £143, rest of world.

Aluminium unlikely to fall much further

By Kenneth Gooding, Mining Correspondent

ALUMINIUM PRICES should not fall much further, says the Anthony Bird Associates research organisation in its latest industry analysis.

Any significant fall from current levels would result in new aluminium smelter projects being shelved "and that would create very serious medium-term problems indeed," it adds.

Bird predicts primary aluminium prices quoted by Metals Week will range between 75 cents a lb and 81 cents a lb next year. By 1991, when demand is expected to climb again, the organisation suggests prices will settle in a range between 81 a lb cents and 102 cents a lb.

Aluminium demand in the second half of this year is predicted to be "weak," resulting in the non-Communist world's consumption for 1989 as a whole being little changed from last year's 13.94m tonnes.

Bird suggests that aluminium demand will start to grow again from mid-1990 onwards. In 1991, consumption is predicted to reach 15.3m tonnes, a 6.1 per cent advance on the forecast for 1990. But after mid-1992 consumption is expected to settle back to the long term growth rate – which Bird puts at about 4 per cent a year.

Currently, demand for aluminium is hesitating and a renewed surplus of metal is appearing. However, Bird does not believe that any significant output cuts are called for.

"When consumption starts to grow again, this metal surplus will be needed for there is very little new capacity coming on stream in the immediate future, thanks to the severe underinvestment of recent years," it suggests.

Bird repeats its earlier warnings that, when consumption starts to grow again from mid-1990 onwards, the aluminium supply system will once again be stretched. However, it does not expect the pressures to be as great or the shortages as severe as they were in mid-1988.

Ecuador frees coffee sales

ECUADOR'S Government announced yesterday that it was authorising the free export of coffee until the end of September, reports Reuter from Quito.

An Information Ministry communique said the decision was made because of the suspension earlier this month of International Coffee Organisation export quotas.

One government official said he expected Ecuador to export between 300,000 and 400,000 bags (60 kg each) of coffee by the end of September instead of the 270,000 bags limit that would have been allowed under the ICO quota.

Under the ICO quota system Ecuador was exporting 1.6m bags of coffee a year.

However, Mr Ramon Recalde, a big exporter, said yesterday that sales could reach 2.1m bags if the free market continued.

Brussels moves to suspend UK fishing law

THE European Commission is taking court action to suspend UK legislation designed to safeguard the livelihoods of the British fishing fleet.

The move steps up the Commission's campaign against new provisions in the Merchant Shipping Act which make it illegal for foreign-owned vessels to fish quotas earmarked for the UK.

The Commission has already begun legal action claiming that the restrictions contravene EC rules which outlaw discrimination on grounds of nationality.

The Commission yesterday approved a proposal to seek an injunction to suspend the provisions – only in force since April 1 – pending the outcome of the case.

The UK Government introduced a special fishing register as part of the act earlier this year, limiting membership to vessels which could claim 75 per cent British ownership.

The move followed complaints from the British fishing fleet that its EC catch quotas were being taken by trawlers from elsewhere in the Community which had no national claim.

However, the Commission is insisting that, even though the quotas of Community fish have been allocated along national lines, a member state cannot discriminate on grounds of nationality in the share-out.

An interim order as demanded yesterday would force the UK Government to drop the register and continue allowing any EC vessel to fish British stocks, at least until the court's final ruling, which could take years.

An order suspending the register could be issued within a matter of weeks.

Britain and the Irish Republic have been desperate to protect scarce resources of certain fish stocks from about 100 Spanish-owned vessels, which have been landing their catches in Spain.

Mr Manuel Marin, the Fisheries Commissioner, has accepted that the difficulty has started spreading to other fleets, particularly in France and West Germany. Nevertheless, he is determined to press ahead with legal moves against Britain and the Irish Republic for discriminating against EC nationals.

Meanwhile, the Commission yesterday proposed limited measures to give member states more freedom to administer their national fish quotas while respecting the obligations of the EC treaty.

However, the British Government insists that it is impossible to operate successfully when national quotas are freely available to other Community trawlermen.

Mixed greenhouse effect predictions for British farming's future climate

Bridget Bloom reports on the conclusions of a conference into the possible effects of global warming on agriculture

IF, THANKS to the global warming of the so-called greenhouse effect, temperatures increase by 3 per cent over the next 50 years, what sort of agriculture will Britain have then?

Something akin to New Zealand's perhaps, where the grass would grow for most of the year and sunflowers could be harvested in Scotland? Or will Britain become much drier as well as hotter, with traditional products like potatoes, milk or sugar beet being more difficult to find – their place being taken by sorghum, soyabeans or tobacco?

Such were the questions addressed by a recent London conference sponsored by the UK Ministry of Agriculture and organised by Reading University's Centre for Agricultural Strategy.

The conference was attended by university professors and research institution scientists as well as by representatives of conservation groups, interested companies and a handful of farmers and no very hard and fast conclusions were drawn.

Participants were at least united in believing that much more information was needed before anyone could be certain what would happen in Britain – or anywhere else in the world – if the atmospheric concentration of carbon dioxide continued to increase at its present alarming rate, and thus raised the world's temperature.

However, two broad themes, and two alternative scenarios emerged to give a taste of what might be in store.

First, the one-day conference (its papers and proceedings are to be published in full later this year) showed very clearly that the scientists disagreed on the likely effects and the gravity of global warming.

However, most take it seriously enough to accept that there could be a rise in global temperature of some 3 per cent. This could occasion a rise in global sea levels of between 15 cm and 200 cm. Britain's Department of the Environment thinks the rise could be about 80 cm.

Second, the likely effects of such changes will stem not just from the rise in temperatures: the amount of rainfall and its distribution as well as the extent of heat and frost variation will be critical factors.

Additionally, as Professor John Marsh, Dean of the Agriculture and Food Faculty of Reading University pointed out, Britain could become colder in a warmer world if the Gulf Stream changed course, while a host of non-climatic considerations, from consumer demand to international trade negotiations, had also to be taken into account.

Within these constraints, two broad scenarios for UK agriculture emerged. One based on adequate rainfall, and the other predicting lower rainfall.

Under the first, the growing season in Britain would be longer than now. Crops such as cereals would ripen more quickly, and two crops of some species might be grown in a single season. Some species today at their northern limit could be grown even further north.

Crops new to Britain, such as black-eyed peas or sweet potatoes might be grown. Given adequate rainfall grass might grow throughout the year. This could lead to increased milk, beef and sheep production potential and possibly to lower costs, since less protection would be required for the animals in winter and cheaper foodstuffs could be available.

The disadvantages of such a situation would include the loss of some good agricultural land to the rising sea levels.

Diseases new to Britain could also increase. But as Prof Marsh summed up: while the longer growing season would make heavier demands on labour, capital and management, "overall, one suspects, most farmers would welcome the new environment. Their costs would tend to fall. The output of agriculture – under the assumption of unchanged prices – would rise and aggregate farm incomes be increased."

However, under the second scenario rainfall declines and its distribution is patchy. Here, according to Prof Marsh "the effects would be complex but potentially alarming."

New husbandry practices would be needed to cope with erosion and new plant varieties required to adapt to lower moisture. The need for irrigation would push up costs, although in some areas this could produce a "north Atlantic California."

Under this scenario, agricultural output, especially of traditional crops, would fall and costs to the economy as a whole would rise with the need to conserve water.

Hills and mountains, already disfavoured in agricultural terms, would become even more difficult to exploit and would suffer the risk of erosion and even greater depopulation.

On balance, conference participants seemed to think, global warming would be sustainable, if not downright advantageous to Britain.

Outside the UK, however, it seems clear that it could have the potentially disastrous effect of widening existing gaps between north and south – both within the European Community and in the wider world.

As for the scientists, all agreed that much more research was needed into the greenhouse phenomenon. Many were alarmed that, while Mrs Thatcher, the Prime Minister, was increasing the resources dedicated to the subject as a whole, the Government was continuing to cut the agricultural research budget.

Professor Colin Spedding, the director of the Centre for Agricultural Strategy, noted that the Government's concern was less with whether there should be more research than with who funds it. Its intention was to cut so-called near-market government research and let industry finance it instead.

Several speakers pointed out that industry was neither capable of nor interested in funding the sort of basic research into the greenhouse effect on agriculture which was now increasingly urgent.

WORLD COMMODITIES PRICES

LONDON MARKETS

THE FIRM tone in New York helped the London Metal Exchange copper market to make further ground yesterday, although prices finished below the days highs. The cash quotation followed Tuesday's £43 rise with a gain of £10 to £1,553 a tonne, while the three months position closed £17 up at £1,537.50 a tonne. Aluminium continued its tentative rally with cash metal rising $12.50 to $1,719 a tonne, but some traders thought the market had already lost the upward momentum generated by Tuesday's technically inspired bounce. Nickel prices rose further on sales to Japan, believed to be replacing a loss of material from Indonesia because of shipping problems, but other LME metals were lower. High grade zinc relinquished an early gain to end $30 down on the day at $1,615 in the cash position.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.15-5.25z	
Brent Blend	$18.00-8.10w	+.025
W.T.I. (1 pm est)	$20.10-0.15w	-0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$194-196	-5.5
Gas Oil	$150-151	+1
Heavy Fuel Oil	$88-90	
Naphtha	$157-159	-0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$371.25	
Silver (per troy oz)♣	524c	-5
Platinum (per troy oz)	$497.0	-8.65
Palladium (per troy oz)	$149.15	+0.30
Aluminium (free market)	$1725	+10
Copper (US Producer)	111¾-112c	
Lead (US Producer)	39.6c	
Nickel (free market)	570c	+20
Tin (Kuala Lumpur market)	25.00r	-0.25
Tin (New York)	434.0c	-1.5
Zinc (US Prime Western)	80¾c	
Cattle (live weight)†	117.59p	-1.55*
Sheep (dead weight)†	175.20p	-21.7*
Pigs (live weight)†	88.74p	-2.38*
London daily sugar (raw)	$363.8t	+0.0
London daily sugar (white)	$472.5t	+9.5
Tate and Lyle export price	£333.0	+4.0
Barley (English feed)	£104	+1.5
Maize (US No. 3 yellow)	£131	-0.25
Wheat (US Dark Northern)	£122.25t	
Rubber (spot)♥	59.00p	-1.00
Rubber (Aug)♥	60.00p	-1.00
Rubber (Sep)♥	61.75p	-1.00
Rubber (KL RSS No 1 Aug)	251.5m	+1.0
Coconut oil (Philippines)§	$430z	-7.5
Palm Oil (Malaysian)§	$320t	
Copra (Philippines)§	$340	
Soyabeans (US)	Unq.	
Cotton "A" index	83.85c	+0.55
Woottops (64s Super)	608p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Dec. w-Aug. z-Sep. u-Jun/Jul. x-Jul/Aug. t-Aug/Sep. v-Aug/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Jul	856	870	869 857
Sep	880	885	885 875
Dec	929	936	933 926
Mar	904	908	904 898
May	911	916	913 910
Jul	925	933	926 923
Sep	940	948	938 938

Turnover: 3064 (7026) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 19 1085.69 (1100.67) ;10 day average for Jul 20 1093.55 (1046.06)

COFFEE £/tonne

	Close	Previous	High/Low
Jul	824	823	822 813
Sep	835	824	827 814
Nov	841	841	843 833
Jan	866	863	867 857
Mar	883	884	886 881
May	910	905	910 901

Turnover: 1939 (1809) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 18: Comp. daily 76.38 (75.67). 15 day average 84.03 (85.45)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Aug	320.00	316.00	323.20 317.60
Oct	330.00	316.80	322.00 315.00
Dec	308.00	306.80	304.00
Mar	298.60	295.80	303.00 294.60
May	295.60	293.00	298.40 294.00
Aug	284.00	281.00	286.00 282.60
White	**Close**	**Previous**	**High/Low**
Oct	413.50	378.50	414.00 405.00
Dec	377.00		381.00 377.00
Mar	370.50	365.50	371.00 365.00
May	365.50	363.00	365.00

Turnover: Raw 6006 (7237)lots of 50 tonnes. White 1975 (709).
Paris- White (FFr per tonne): Oct 2644, Dec 2438, Mar 2385, May 2376, Aug 2365, Oct 2265, Aug 2250.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Sep	17.33	17.58	17.41 17.27
Oct	17.08	17.30	17.13 17.05
Nov	16.91	17.12	16.95 16.90
IPE Index	17.58	17.57	

Turnover: 4252 (4506)

GAS OIL $/tonne

	Close	Previous	High/Low
Aug	148.50	148.75	148.50 148.75
Sep	148.50	149.50	149.00 147.50
Oct	150.75	151.50	150.75 148.75
Nov	151.75	163.00	152.00 150.00
Dec	152.75	153.75	153.00 151.00

Turnover 10775 (9716)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 13,400 tonne
Cash	1718-20	1705-8	1725	1725-6		
3 months	1720-2	1708-10	1730/1720	1725-7	1727-30	30,834 lots
Copper, Grade A (£ per tonne)						Ring turnover 37,100 tonne
Cash	1552-4	1555-4	1560/1557	1560-1		
3 months	1537-8	1520-1	1546/1535	1535-7	1542-3	70,402 lots
Lead (£ per tonne)						Ring turnover 11,000 tonne
Cash	436-8	437-9	439/433	437-8		
3 months	417-7.5	418.5-7	420/416	416-7	417-8	9,572 lots
Nickel ($ per tonne)						Ring turnover 684 tonne
Cash	12200-400	12100-200	12300/12150	12250-400		
3 months	11450-600	11450-75	11600/11500	11450-500	11400-500	5,973 lots
Tin ($ per tonne)						Ring turnover 350 tonne
Cash	9430-50	9450-70	9410	9410-20		
3 months	9430-50	9450-60	9450/9370	9400-20	9430-40	2,499 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 14,275 tonne
Cash	1655-65	1685-90	1680/1675	1675-7		
3 months	1590-5	1600-5	1620/1590	1595-600	1590-600	10,586 lots
Zinc ($ per tonne)						Ring turnover 6,200 tonne
Cash	1610-20	1640-50		1630-3		
3 months	1540-5	1555-65	1590/1545	1555-60	1545-50	8,007 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	119.0	117.0	
Feb	133.0	128.0	
Apr	188.0	182.4	189.9 185.0
May	207.0	212.0	207.0 208.0

Turnover 359 (635) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	143.00	142.50	143.00
Dec	142.00	141.00	142.00
Feb	143.00		

Turnover 20 (87)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jul	1347	1338	1345 1338
Aug	1365	1346	1365 1350
Oct	1476	1471	1474 1470
Jan	1517	1515	1520 1514
BFI	1377	1380	

Turnover 145 (222)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	104.85	104.30	104.85 103.90
Nov	108.45	108.00	108.40 108.35
Jan	112.35	111.90	112.45 112.20
Mar	115.85	115.00	115.30 115.30
May	118.80	118.50	119.00 118.80
Jun	121.00	120.75	121.00
Barley	**Close**	**Previous**	**High/Low**
Sep	103.55	103.00	103.30 103.30
Nov	107.35	106.80	107.35 107.05
Jan	110.85	110.35	110.90 110.75
Mar	113.75	113.15	113.75

Turnover: Wheat 97 (227), Barley 152 (85).
Turnover lots of 100 tonnes.

WOOL

MAJOR WORLD wool markets are in seasonal recess and no sales are being held anywhere. Australia, and others where grower price support applies, were just about down to the floor at closing sales and no further decline in the wool market is therefore possible. Only for currency reasons can the market move. With no reason for buying more than is immediately wanted, the consumer country markets remain dull during the long holiday season, which lasts through July and most of August. Just at present minor enquiry from the home trade is indicated in Bradford but prices discussed are extremely competitive.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	115.5	115.0	
Oct	120.0	119.5	119.5
Nov	121.0	120.5	120.0
Feb	115.0	112.0	111.5
Apr	114.5	113.0	113.5

Turnover 18 (10) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	371-371½	229-229½
Opening	372-372½	229½-230
Morning fix	371.30	229.423
Afternoon fix	370.70	228.545
Day's high	372-372½	
Day's low	370¼-370¾	
Coins	**$ price**	**£ equivalent**
Mapleleaf	382-387	235½-238
Britannia	382-387	235½-238
US Eagle	382-387	235½-238
Angel	380-385	235-236
Krugerrand	371-374	229-231
New Sov.	87-88	53½-54½
Old Sov.	87-88	53½-54½
Noble Plat	502.95-510.90	309.75-314.60
Silver fix	**p/fine oz**	**US cts equiv**
Spot	322.50	522.35
3 months	333.80	534.20
6 months	344.85	546.10
12 months	366.70	568.95

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1650	104	97	20	42
1750	46	49	60	92
1850	15	21	129	162
Copper (Grade A)	**Calls**		**Puts**	
2350	180	153	27	90
2450	114	105	60	139
2550	65	69	110	201

LONDON FOX TRADED OPTIONS

Coffee	Sep	Nov	Sep	Nov
750	86		13	
800	55	64	30	44
850	32	40	57	70
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
850	40		2	
900	14	73	11	44
950	4	49	35	70

US MARKETS

A SMALLER than expected rise in the U.S. C.P.I. softened prices in the metals, with gold futures falling 4.50, basis October, reports Drexel Burnham Lambert. Spillover selling pushed silver down as well. Stop-loss selling sank platinum below the 500 level basis October. Copper trading was mixed. Comex stocks were down less than expected. In the softs, sugar prices gained from commission house activity after a choppy session. Commission house liquidation and light arbitrage selling weakened the cocoa market. Coffee trading was slow closing near unchanged levels. The livestocks featured light belly and hogs due to futures buying on expectations of firmer cash prices near term. Long liquidation ahead of the cattle on feed report softened the cattle market. The grains all advanced but trading volume was lighter than the previous session. Strength in the nearby contracts was noted. Scattered short-covering was the days main feature. Cotton trading was quiet while the orange juice market remained lower. The energy complex was down as trade and local liquidation was seen in front of the August expiration

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Jul	368.3	372.6	370.0 370.0
Aug	368.5	373.8	373.6 368.0
Sep	371.6	376.1	0 0
Oct	373.5	378.1	377.6 372.7
Dec	377.6	382.3	382.1 377.0
Feb	381.6	386.4	385.2 384.0
Apr	385.7	390.5	390.0 387.0
Jun	389.8	394.6	393.0 392.0
Aug	393.9	398.8	395.0 393.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Jul	485.5	504.2	502.0 490.0
Oct	489.8	506.2	507.0 489.0
Jan	492.3	510.7	507.0 492.0
Apr	496.3	514.7	508.0 504.5
Jul	499.3	517.3	505.0 505.0
Oct	502.8	520.7	0 0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Jul	515.3	524.2	523.0 513.0
Aug	516.8	526.0	0 0
Sep	521.3	530.5	530.0 520.5
Dec	533.5	543.0	542.0 532.0
Jan	538.8	546.3	546.0 546.0
Mar	544.7	554.2	553.0 545.0
May	552.6	562.2	561.0 561.0
Jul	560.8	570.5	562.0 562.0
Sep	568.8	578.7	0 0
Dec	579.6	590.0	588.0 588.0

INDICES

REUTERS (Base: September 18 1931 = 100)				
	July 18	July 17	mnth ago	yr ago
	1938.6	1940.2	2020.3	1987.0

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	130.90	130.16	133.61	136.44
Futures	129.50	128.98	132.44	141.91

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Jul	110.30	108.80	111.30 109.60
Aug	109.70	108.00	0 0
Sep	109.30	108.00	110.30 108.10
Dec	104.50	104.00	105.50 103.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low
Aug	20.01	20.34	20.25 20.00
Sep	19.59	19.72	19.69 19.47
Oct	19.13	19.22	19.20 18.99
Nov	18.65	18.88	18.86 18.60
Dec	18.66	18.74	18.85 18.50
Jan	18.50	18.62	18.50 18.40
Feb	18.36	18.54	18.37 18.30
Mar	18.37	18.48	18.37 18.27
May	18.21	18.42	18.21 18.21

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low
Aug	5020	5050	5050 4965
Sep	5090	5110	5115 5030
Oct	5165	5170	5185 5100
Nov	5235	5244	5245 5175
Dec	5300	5309	5315 5245
Jan	5300	5319	5300 5250
Feb	5200	5224	5200 5195

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Sep	1299	1315	1315 1286
Dec	1323	1333	1329 1317
Mar	1335	1346	1340 1330
May	1350	1358	1351 1345
Jul	1378	1386	0 0
Sep	1363	1373	0 0
Dec	1408	1418	0 0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Jul	87.03	87.25	88.25 86.65
Sep	89.00	88.77	89.40 88.00
Dec	91.25	91.61	92.00 90.75
Mar	94.11	94.39	95.00 93.50
May	96.00	96.26	96.75 95.60
Jul	97.78	197.70	98.50 98.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Oct	14.42	14.25	14.55 14.33
Jan	13.18	13.24	13.30 13.18
Mar	13.48	13.35	13.65 13.38
May	13.23	13.15	13.42 13.20
Jul	13.12	13.04	13.30 13.10
Oct	12.95	12.75	13.00 12.95

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Oct	74.25	74.10	74.25 73.76
Dec	74.77	74.88	75.00 74.51
Mar	75.32	75.35	75.55 75.15
May	75.70	75.70	75.80 75.65
Jul	75.85	75.75	75.95 75.55
Oct	70.05	70.60	70.60 70.05
Dec	68.10	68.50	68.80 68.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Sep	157.85	162.85	165.50 157.50
Nov	148.10	151.70	155.00 148.10
Jan	144.85	148.30	148.50 144.85
Mar	144.00	145.60	146.50 144.50
May	143.00	144.80	0 0
Jul	143.10	165.00	164.00 160.50
Sep	143.00	144.80	0 0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Jul	727/4	695/4	746/0 708/0
Aug	667/4	674/0	686/0 660/0
Sep	649/4	650/4	655/0 641/0
Nov	630/0	620/2	634/0 625/0
Jan	636/6	627/2	640/0 634/0
Mar	644/2	635/0	647/4 642/4
May	648/0	641/0	651/4 648/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Jul	19.52	19.35	19.75 19.45
Aug	19.50	19.42	19.65 19.53
Sep	19.82	19.68	20.12 19.75
Oct	20.02	19.88	20.29 20.02
Dec	20.44	20.27	20.68 20.35
Jan	20.56	20.40	20.80 20.56
Mar	20.90	20.80	21.20 20.95
May	21.17	21.10	21.15 21.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Jul	221.5	215.5	221.5 217.5
Aug	208.7	205.7	210.4 207.5
Sep	199.7	197.7	202.0 199.6
Oct	195.2	192.5	195.5 194.0
Dec	191.5	188.2	193.0 190.0
Jan	191.5	187.7	192.5 190.0
Mar	191.0	187.7	192.0 190.0
May	191.0	187.0	191.0 190.0
Jul	190.5	187.0	190.0 191.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Jul	254/2	248/2	254/4 248/6
Sep	242/0	238/6	242/4 238/6
Dec	238/6	235/4	240/0 236/2
Mar	245/6	243/6	246/4 244/0
May	249/4	247/4	250/0 244/2
Jul	249/4	247/4	251/0 249/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Jul	380/0	387/4	382/0 380/0
Sep	394/2	390/2	395/2 392/0
Dec	405/4	401/6	406/0 402/2
Mar	406/6	403/0	406/0 403/4
May	388/0	385/4	388/0 385/0
Jul	358/4	355/4	357/4 355/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Jul	72.67	72.80	72.85 72.45
Sep	73.95	73.95	74.00
Oct	75.52	75.45	75.60 75.30
Dec	74.37	74.22	74.45 74.15
Feb	72.67	72.85	72.82 73.05
Apr	72.75	72.60	72.45 72.55
Jun	72.75	72.70	72.80 73.60
Aug	71.15	70.85	71.15 72.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Jul	48.02	47.47	48.05 47.60
Aug	45.70	44.90	45.85 45.15
Oct	40.05	39.45	40.20 39.70
Dec	42.50	41.85	42.50 42.00
Feb	43.65	43.00	43.65 43.00
Apr	41.17	40.85	41.20 43.10
Jun	46.27	45.77	46.30 45.80
Jul	45.70	45.40	45.70 45.35

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low
Jul	29.02	28.27	29.20 28.45
Aug	28.10	27.60	28.35 27.82
Feb	41.67	41.02	42.27 41.65
Mar	41.40	41.87	42.45 41.40
May	43.00	42.60	43.25 42.90
Jul	43.00	43.60	43.92 43.00

LONDON STOCK EXCHANGE

Renewed buying interest in equities

The UK equity market resumed its upward march yesterday as seemingly endless speculation of yet more big break-up/takeover bids produced strong rises throughout first and second line stocks.

Tuesday's bout of nervousness, triggered partly by the public sector borrowing requirement figure and worries about Wall Street's response to the poor US trade figure for May, was forgotten as the FT-SE 100-share index registered a 19.4 advance to a post-crash closing high of 2,292.5.

The Footsie has now risen on eight of the last nine trading sessions which have encompassed lower US interest rates, the bid for BAT Industries and encouraging economic data from the UK.

There was a certain amount of uncertainty in the market at the outset of trading yesterday following Wall Street's performance on Tuesday and some concern about the possible repercussions of the suspension of trading in shares of Kentish Property, the London docklands housebuilding group which announced a sharp downturn in sales.

But this initial concern proved short-lived as confirmation of a second big takeover in the property market -that of British Aerospace for Arlington Securities — and a series of other speculative takeover stories led a sharp revival in market sentiment. This was reinforced by Wall Street's encouraging early performance.

Among the best performers in the FT-SE 100 list was British Aerospace which moved higher on hopes that the UK authorities will agree to a European Commission decision that overseas holders can own up to 29.5 per cent of the company's stock, compared with the previous restriction of 15 per cent.

Glaxo featured with a sharp rise on talk of European/US links while American buying gave a strong boost to Jaguar. Takeover speculation was again focused on the foods arena with Cadbury Schweppes prominent. There was also talk that a big takeover could be *imminent in the building sector* where Marley and Blue Circle made notable progress. P & O also drew strong support, again partly on takeover hopes and but also on a buy recommendation from a leading broker. Life assurance stocks raced higher in active trading.

Senior traders at some of the leading London houses agreed that yesterday's market was driven by speculation. "I've never known so many bid stories at the same time, but you cannot ignore them if they are accompanied by buying orders," said one senior salesman. Another said: "The overweight-in-cash-camp is being hurt by this," said another.

Turnover picked up with 601m shares traded, compared with Tuesday's rail-strike affected 436.8m.

Account Dealing Dates			
*First Dealings:	Jul 3	Jul 17	Jul 31
Option Declarations:	Jul 13	Jul 27	Aug 10
Last Dealings:	Jul 14	Jul 28	Aug 11
Account Day:	Jul 24	Aug 7	Aug 21

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	July 19	July 18	July 17	July 14	July 13	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.30	86.40	86.50	86.46	86.14	87.78	89.29 (9/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.69	95.86	95.93	95.95	95.84	97.57	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1903.2	1883.3	1880.2	1886.4	1868.0	1497.9	1903.2 (19/7)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	199.0	200.1	201.5	202.1	201.5	220.8	206.0 (7/7)	134.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2292.5	2273.1	2274.9	2273.7	2258.0	1857.2	2292.5 (19/7)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.23	4.26	4.29	4.29	4.33	4.50				
Earning Yld %(full)	9.91	10.04	10.05	10.05	10.15	11.42				
P/E Ratio(Net)(*)	12.16	12.00	11.98	11.99	11.87	10.70				
SEAQ Bargains(5pm)	29,000	24,490	31,419	41,203	32,517	24,605				
Equity Turnover(£m)†	-	1186.03	1337.01	1749.55	1374.60	1057.43				
Equity Bargains†	-	30,747	38,382	43,089	37,150	35,366				
Shares Traded (ml)†	-	448.1	509.5	737.3	493.1	398.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. * Nil 12.24

Ordinary Share Index, Hourly changes — Day's High 1908.1 — Day's Low 1879.7

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1874.7	1891.5	1896.7	1902.5	1903.3	1906.4	1902.3	1906.0

FT-SE, Hourly changes — Day's High 2298.3 — Day's Low 2268.9

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2268.9	2278.5	2284.5	2290.2	2291.1	2292.0	2290.2	2296.3

S.E. ACTIVITY

Indices	July 18	July 17
Gilt Edged Bargains	74.5	89.6
Equity Bargains	189.2	248.6
Equity Value	2267.3	2702.4
5-Day average		
Gilt Edged Bargains	91.0	93.2
Equity Bargains	248.9	257.9
Equity Value	2944.9	3314.0

SE Activity 1974. †Excluding intra-market business. London Report and latest Share Index: Tel. 0898 123001

Heavy trade in Jaguar

Speculators swooped on Jaguar yesterday and the luxury car manufacturer soon became the subject of market rumours ranging from stakebuilding exercises, a takeover attempt by an overseas rival and the possibility of a management buy-out. Heavy trading resulted and the shares soared to 425p before settling slightly below the highest at 420p, up 41 on the session.

The rush for the shares began late the previous evening when investors in New York bought Jaguar ADR's heavily amid talk that a leading US house had re-rated the stock. Early yesterday London traders quickly corrected underweight positions and the ensuing intra-market business encouraged speculative enthusiasm, which gave momentum to the rise. The rumours were born out of the market's inability to find credible reasons for the strength, said one analyst.

Most thought the stories of a European, US or Japanese car manufacturer building up a shareholding were false. Jaguar could detect no evidence of it, and were just as mystified as researchers by yesterday's heavy turnover in the shares of 6.8m.

Limit needs raising

Rolls-Royce and *British Aerospace* advanced strongly after the European Commission said it wanted to see the 15 per cent limit on the foreign shareholding of Rolls raised to 29.5 per cent. BAe has a similar limit. Sentiment in BAe was also helped by bullish comments by the company on the prospects for the civil side of the business, and the confirmation of an agreed offer for property developer Arlington Securities. That deal had been discounted in the market for several weeks.

While marketmakers felt that the Commission's announcement would underpin the Rolls price, Mr Ian Wild, analyst at BZW, played down its impact. Mr Wild, who last week cut his forecasts for Rolls' profits, said: "It will be at least six weeks before an egm can change the articles of association to raise the limit. The foreign holding has been below the 14 per cent for several weeks and the announcement is no reason to buy the stock."

Another top analyst was more *optimistic*. "A rise in the limit would be better for Rolls than Aerospace," he said, "Foreigners know the name, they like long order books and the yield is better than many of their domestic issues."

Rolls jumped to 189p before subsiding by the close to 185p, still a net increase of 5 and in *heavy trade of 10m shares*. BAe touched 745p, but closed at 741p, still up 20 on the day, as 2.8m shares changed hands.

Pharmaceutical majors advanced across the board in what dealers described as a catching up of the two-week bull market.

Glaxo led the way with widespread suggestions that the company was in merger talks with US drugs giant Squibb. Mr Robin Gilbert, of James Capel, said that the suggestion had some credibility. He pointed out that there are four pharmaceutical industry mergers currently under way, of which the largest is between Beecham of the UK and Smith-Kline Beckman of the US. "A lot of thought is being given to economies of scale," he said, adding that three members of Glaxo's board are ex-Squibb men, including Mr Ernest Mario, the new chief executive. Other analysts, however, said the idea was an unlikely one. Mr Steve Plag, at BZW, for one, argued that such a move would be contrary to Glaxo's stated policy. Glaxo closed at 1428p, *up 34 on the day*, and 8 below its best.

Fisons and Wellcome also did particularly well, up 9 and 15 to 326p and 458p respectively.

BAA advanced 8 to 355p on US buying. Dealers said that the company was in the midst of making presentations to US institutions. Turnover was 6.9m shares.

Life insurers were in buoyant mood, helped by some good new business figures and hopes that Pearl Assurance would be bid for by 18 per cent shareholder AMP, the Australian insurance group. Pearl ended 35 higher at 527p.

The figures for new life business in the first half of the year came from Britannic, up 18 at 488p on a 15.6 per cent rise in new premiums, and London & Manchester, up 14 at 307p on an 11 per cent improvement in new premiums. Also firmer were Legal & General, up 12 at 357p. In the wake of Legal's new business figures on Monday, broker Kleinwort Benson has changed its estimate of worldwide new business production for the year. Having forecast a 6 per cent fall, Kleinwort is now looking for a 1 per cent rise from Legal, which it still rates a buy.

While clearing banks slumbered, merchants showed strong rises in anticipation of the benefits to come from the current round of corporate activity. S G Warburg jumped 14 to 374p — the bank was adviser to Isosceles in its recent successful battle for the control of supermarket group Gateway — Hambros, adviser to the consortium bidding for BAT Industries, rose 7 to 230p, and Kleinwort Benson added 10 at 318p.

Scottish & Newcastle maintained the previous session's rise, adding a further 9¼ at 375½p on turnover of 5.5m shares. The talk on Tuesday was that Australian group Elders IXL had passed on its near 24 per cent stake to a prospective Canadian bidder, but Elders was reported to have said that it had not sold any shares in Scottish. Dealers are now more inclined to mark the brewer's price up and investors to buy the stock on hopes that the company will get a good price for its Thistle Hotels chain.

H P Bulmer, the cider makers, tumbled 12 to 175p after reporting a 35 per cent drop in *year-end profits to £10.15m.*

A view that the next large bid would be directed at the construction sector produced all-round firmness with the notable exception of housebuilding issues. AMEC, 473p, RMC, 761p, and Blue Circle, 564p, all scored good rises while Meyer International jumped 11 to 394p. Tilbury was one of the rare dull counters, reacting 10 to 659p after news that John Govett & Co had accepted the Lilley offer in respect of 2.85m shares (14.1 per cent) out of its holding of 3.59m shares (17.7 per cent) under management.

Citicorp Scrimgeour Vickers' advice to shareholders of Coalite to accept the cash bid from Anglo United pushed Coalite shares up 14 to 464p. Speculative support raised Plysu 13 to 165p.

Dixons featured among mostly firmer stores, climbing 8 to 163p on turnover of 10m shares. The stock performed badly before last week's poor annual figures, but since then has showed remarkable resilience in spite of a host of brokers' sell *recommendations*. At the moment dealers can find little reason for Dixons' strength, apart from signs of growing overseas interest in the shares.

There was good trade in Sears, up 4 at 134p on 8.6m shares. Interest in the stock has been revived by the bid for BATs, say dealers, who believe Sears would be a *prime target* for Goldsmith-style "unbundling".

A rare decline was posted by Next, a shade easier at 146p. Hoare Govett had lunch with the company, and the news was that Next thinks the current difficult trading conditions are unlikely to improve until late 1990 at the earliest. Hoare will not be changing its profits forecast for the group because it already stands near the bottom of the range at £65m for the year to January 1990.

STC continued to be buoyed by takeover talk. Favourite was that Plessey would make a bid as a poison pill defence against another takeover attempt from GEC and Siemens. Another was that the West Germany's other computer giant, Nixdorf, wanted to buy STC subsidiary ICL.

Racal and Cable & Wireless were among the FTSE 100's few weak stocks, on fears of increased competition in mobile communications from a consortium involving Plessey, GEC and BellSouth, of the US. Racal Electronics and C & W both slipped 9 to 421p and 514p respectively. Racal Telecom shed 22 to end at 364p.

Speculative buying of Cadbury Schweppes showed no signs of abating. Shares rose a *further 16 to 459p on turnover* of 8.5m. The talk in the market was that last Thursday's sharp *rise in the stock had forced* a planned raid on the shares, scheduled for the following morning, to be postponed. That raid, probably on behalf of Swiss group Jacobs Suchard, is said to be still in the pipeline, and few market professionals are willing to go short of the stock.

Retailers remained attractive to investors, Argyll leading the sector with a rise of 9 to 233p on busy volume of 3.5m shares.

There was equally sprightly trade in Asda, 4 better at 193p on turnover of 6m shares; the stock remains the takeover favourite in the retailing sector, said dealers.

Harland Simon jumped 72 to 620p after posting a 64 per cent profits increase to £5.5m. There was also speculation that the company would be subject to a takeover bid from its 25 per cent shareholder, Mountain Dew.

The market reacted a day late to the announcement of De la Rue's sales of its Crosfield subsidiary. Analysts had identified the erratically performing Crosfield as the main reason for any purchase of De la Rue. Its sale removed much of the bid premium on the stock, down 29 at 325p.

Further consideration of the merger of funerals businesses Hodgson Holdings and Kenyon with a French group weakened stocks. They dropped 9 to 164p and 25 to 163p respectively.

Chemicals company Croda *jumped sharply "after-hours"* to touch 222½p, up 15½ on the day. One dealer said a stake was being built.

The continuing strength of European car sales and increasing indications that, despite forecasts to the contrary, they are heading for the fifth consecutive record year was a tonic for motor component stocks.

Lucas Industries, buoyed additionally by reports of a European joint venture with Sumitomo Electric Industries of Japan, advanced 14 to 664p. Sumitomo declined to confirm or deny the reports, and would say only that it was seeking a European partner to make car parts ahead of the integration of European Community markets in 1992.

Good gains were also made *by GKN, up 9 at 431p, and* T&N, which drew above-average activity and rose 7 to 247p, while Dowty bounded 11 to 281p.

Hopes of good first-half results next Thursday generated buying of Wace which found the market short of stock. The upshot was the shares rose 23 to 419p.

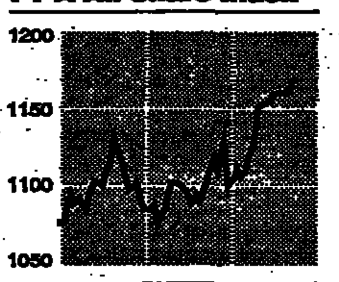
P&O was favoured by investors seeking conglomerates with undervalued assets and a *possible target for a leveraged* buy-out. Vague talk of a dawn raid accompanied the upturn which left the shares 19 higher

News that brokers County NatWest WoodMac and Laing and Cruickshank had jointly placed Clyde Petroleum's near 18 per cent stake (23.83m shares) in Goal Petroleum "with a number of institutions" *saw the latter's shares* retreat 7½ to 104½p. Mr Peter Hitchens at Shearson Lehman Hutton said "the fact that Clyde couldn't find a corporate buyer vindicates our view that Goal is overvalued."

There was big turnover in the front-line energy stocks. BP, up 3½ at 308½p, attracted turnover of 21m shares amid talk that a UK institution had bought a line of 5m. Dealers were also taking the view that *the stock had lagged behind* the market and that some keen interest could be triggered by the forthcoming analysts' visit to BP's Alaskan operations which starts on July 31. Shell put on 7 at 433p on 4.4m, while British Gas rose 2½ to 188½p

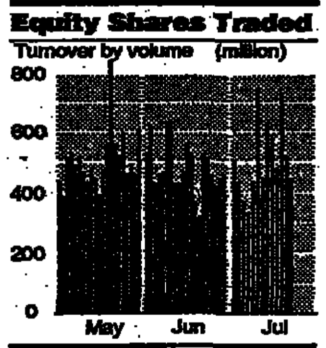
■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
[illegible]			
Brit. & Comm.	498	171	+1
Brit. Aerospace	2,800	741	+20
British Airways	2,700	203	+½
British Gas	12,900	188½	+2½
British Land	723	398	+7
BP	21,000	308½	+3½
British Steel	32,000	74	+1
British Telecom	6,200	282	+½
Burmah Oil	1,000	636	+5
Burton	2,400	256	+4
Cable & Wireless	2,700	514	-9
Cadbury Schweppes	8,500	459	+16
Carlton Comm.	533	817	+2
Commercial Union	2,000	427	+6
[illegible]			
GKN	2,200	431	+9
Guinness	748	526	-1
Hammerson "A"	193	794	+1
Hanson	2,800	224½	
Harrisons & Cros.	660	172	-3
Hawker Siddeley	487	768	+10
Hillsdown Hldgs.	1,000	292	-2
IMI	1,100	248	-3
Imp. Chem.	787	1274	+5
Inchcape	418	383	+2
Jaguar	6,300	420	+41
Kingfisher	1,700	337	+7
Ladbroke	1,800	311	-3
Land Securities	844	605	+7
[illegible]			
Plessey	2,100	260	+7
Polly Peck Intl.	2,600	299	+5
Prudential	4,000	195	+4
RHM	986	455	-6
RMC	654	761	+12
RTZ	1,985	510	+3
Racal	4,300	421	-9
Rank Org.	229	959	+2
Reckitt & Colman	134	1212	+22
Redland	402	618	+1
Reed International	9,300	431	
Reuters	622	770	-2
Rolls Royce	10,000	184½	+5
Rothmans	262	622	+2
[illegible]			
Tate & Lyle	663	284	+1
Taylor Woodrow	185	328	-3
Tesco	2,625	281	+4
THORN EMI	1,700	782	+1
Trafalgar House	1,600	372	+3
Trusthouse Forte	2,300	342	+7
Ultramar	3,700	329	+1
Unilever	2,000	650	+1
United Biscuits	1,600	406	-2
Utd. Newspapers	403	452	+3
Wellcome	1,300	458	+15
Whitbread "A"	1,700	358	-4
Williams Hldgs.	2,600	272	+15
Wimpey	748	281	-1

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (186). BANKS (5) BREWERS (1) BUILDINGS (3) CRH, Douglas (R.M.), Ward, CHEMICALS (3) STORES (10) ELECTRICALS (8) BICC, Druck, Eurotherm Int'l., Harland Simon, Int'l. Colour, STC, Scantronic, Unitech, ENGINEERING (20) Adwest Grp., Bromsgrove Inds., Davy, Delta, Downiebrae, Eadie, GEI Int'l., GKN, Hawker Siddeley, Hill & Smith, IMI, ML Hldgs., Powerscreen Int'l., Renold, Robinson (T.), Saville Gordon, Simon Eng., Staveley Inds., TI Grp., Telfos, FOODS (6) HOTELS (4) INDUSTRIALS (34) ADT, Abbeycrest, Alexander W'lowear, Alfa-Laval AB "B", Assoc. Brit. Ports, Avis Europe, BBA, Beazer, Blue Arrow, Brit. Aerospace, Brit. Vita, Christies Int'l., Clorogen Inc., Community Hosp. Grp., Cookson, Dyson (J.& J.), Fisons, Johnson Matthey, Man. Ship Can., Parkfield Grp., RKF, Rolfe & Nolan, Ropner "A", Siebe, Silta, Bus. Grp., Stonehill, Sytons, T & N, Tinsley (Eliza), Tomkins, Toothill (R.W.), Transport Dev., Whatman Reeve, Worthington (A.J.), INSURANCE (8) Allianz, Britannic, Comm. Union, Dom. & Gen. Grp., GRE, Pearl, Prudential, Refuge, LEISURE (1) MOTORS (4) Central Motor Auctn., FR Grp., Jaguar, Lucas, NEWSPAPERS (1) PAPERS (4) PROPERTY (4) SHIPPING (1) TEXTILES (2) TRUSTS (59) OILS (9) THIRD MARKET (1).

NEW LOWS (28). AMERICANS (1) CANADIANS (1) BANKS (1) BUILDINGS (2) STORES (1) ELECTRICALS (2) INDUSTRIALS (8) Avon Rubber, Brit. Bloodstock, Chestergate Grp., Creighton Labs., *Fenner (J.H.), Mid Kent*, Oakwood Grp., Westmex, LEISURE (2) MOTORS (3) PAPERS (2) PROPERTY (3) Merlin Int. Props., Regalain, TEXTILES (1) TRUSTS (1) OILS (1) MINES (3).

APPOINTMENTS

Changes at Citicorp Insurance

■ Mr David Woodward has been appointed chief executive of CITICORP INSURANCE HOLDINGS, London, and head of Citicorp's global insurance brokerage businesses. He also becomes a director of Citicorp Insurance Brokers. He was president and chief operating officer of Reliance Insurance, Philadelphia. Mr Brian Marsh has been appointed chairman and chief executive of Citicorp Insurance Brokers. He also serves as chairman and chief executive of Nelson, Hurst & Marsh Holdings, recently acquired by Citicorp Insurance Holdings, of which Mr Marsh has been elected a director. Mr Edward Hahn has been appointed chief operating officer and director of Citicorp Insurance Holdings. Mr Peter Carlson has returned to New York as head of the insurance brokerage businesses in 19 countries. He remains a director of the UK insurance companies.

■ Mr Pat Turnbull has been appointed chief executive officer of Charles Fulton Equity IDB, which has changed its name to GARBAN EQUITIES, following its acquisition by MAI. It will be incorporated into Butler Harlow Holdings. Mr Turnbull set up Butler Securities. Mr Stephen Raven continues as chairman of Garban Equities.

■ Mr W.A. Benson has been appointed to the board of MILES 33, Bracknell. He was managing director of Pagitek when it was acquired by the group in 1987.

■ Mr David Barker has joined the specialist homes division of Balfour Beatty Homes to head new joint venture company, VALLEY PARK HOMES, set up with the Carroll Group to provide 1200 homes on a 50-acre site in Croydon. He was managing director of Stuart Baker Construction.

■ Mr A.K.McL. Young, joint managing director of C.I. DE ROUGEMONT HOLDINGS, has been appointed a director of C.I. de Rougemont & Co.

■ MOUNT BANKING CORPORATION has promoted Mr D.J. Symonds to assistant general manager, and Mr J. Garrett to manager. Mr B.C. Cairns joins the bank as an assistant general manager. He was a vice president with Bank of America.

■ Mr Hugh Daniel has joined TCC GROUP as financial director. He was financial controller at Tyzack & Partners.

■ LAPORTE has appointed Dr Rex Clark as deputy managing director, organic *chemicals division*. He joins from the organics division of Sterling Drug Inc where he was senior vice president of *marketing and business* development.

At GREENE, KING & SONS Mr John Bridge, the current chairman, is to retire on December 31. Mr Simon Redman *(above)*, managing director, will succeed him as chairman. On January 1 Mr Timothy Bridge, currently executive director responsible for marketing, free trade and wines and spirits operations, will become managing director, succeeding Mr Redman.

■ Mr John R.F. Handslip has been appointed director of personnel for GEC ELECTRONIC METROLOGY SYSTEMS. He was head of remuneration and executive development planning for Lucas worldwide.

■ YOUNG & CO'S BREWERY, Wandsworth, has appointed Mr Christopher Clitherow as *financial director*. He was with Coca-Cola, mainly in Latin America.

■ The following appointments have been made by SCARBOROUGH BUILDING SOCIETY: Mr John Carrier, deputy chief executive and secretary, additionally responsible for information systems; Mr Frank Thurlby, assistant general manager (customer services); Mr John Langrick, assistant general manager (finance); Mr Steve Bannister, branch sales manager.

■ Mr Tony Hoskins has joined LEX VEHICLE LEASING as executive director, marketing. He was marketing director, Manpower.

■ CPL GROUP has appointed Mr Alan Osbiston as technical director for the CPL fragrances division. He was chief chemist, Fragrance Oils (International).

■ THE CHASE INVESTMENT BANK has appointed Mr Michael Hooper as an associate director of gilt sales. He was a director of Gerrard and National Securities.

■ Ms Paula Kahn becomes chief executive of LONGMAN GROUP, a Pearson company, from January 1. From April 1, 1990, she succeeds Mr Tim Rix on his retirement as chairman and chief executive.

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AUTHORISED UNIT TRUSTS

Prudential Holborn Unit Tsts Ltd (1445)H
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345
Two Hourly Pricing

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Holborn Trust	6	23.92	24.17	25.84	+0 14	1.08
Holborn Comm	6	77.93	77.93	83.34	+0.25	0.30
Holborn Equity Inc	6	70.95	70.95	75 88	+0.59	4 54
Holborn Equity	5	597 19	605 92	641.18	+5 26	3.15
Holborn European	6	135.48	136.52	146 00	+0 81	0.50
Holborn High Inc	6	85 58	85.58	91.52	+0.56	5 87
Holborn Intl Grth	6	118.61	118.61	126 85	+0 46	1.01
Holborn Intl Sm Co	6	54.10	54.10	57 86	+0.25	0.05

Smith & Williamson Unit Tst Mgrs (1000)F
1 Riding House St, London W1A 3AS. 01-637 5377

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American	5	171.1	173 3	183.3	+0.5	1.25
S & W Far Eastern	5	104.1	105.1	111.1	-1 2	0.00
S & W Growth	5	100.2	100.2	107.5	-0 6	1.53
S & W Income	5	103.4	105.8	111.9	+0.5	4.94
S & W Smllr Secs	5	278.2	287.1	303.7	+1.5	0.81

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cnsrtld Prfrnce	5½	51.30	52.05	55.41	-0.08	8 82
Ethical	5¼	48.79	49.74	52.63	-0.05	3 80
Income	5½	47.11	47.69	51 01	+0.18	6 64

Midland Unit Trusts Ltd — Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
(Accum Units)	6	392.1	392.1	419 6	+2.4	0 00
Mandarin Tst	6	57.14	57 18	61 15	-0.06	2.24
(Accum Units)	6	57.61	57.64	61.65	-0 06	2.24
Mngd P'folio Acc	6	71.97	72.64	77.69	+0.27	1.94
Money Market UT	4	49.51	49.51	51.49	+0 01	10 75
North American	6	124.4	126 0	134 8	-1.3	0.23
(Accum Units)	6	153.6	155 6	166.4	-1.6	0 23
Smaller Cos	6	187 3	187 3xd	200.3	+0 6	1.78
(Accum Units)	6	208 4	208.4	222 9	+0.8	1.78
Meridian Income	6	111.1	112 1xd	119.9	+0.5	3.26
(Accum Units)	6	115 1	116.2	124 3	+0.6	3 26
Meridian Growth	6	122.4	123.2xd	131.8	+0 8	1 41
Midland Personal Pension Unit Trust ●						
British	6	61 61	62.28	66.28	+0.37	2.29
European Growth	6	59.59	59.72	63 53	+0.38	0 27
Gilt & Fixed	6	50.63	50 63	53.86	-0.05	8.93
Income	6	57.36	58 23	61.95	+0.41	3.31
Japan Growth	6	54.66	54.98	58.49	+0.33	0 00
Managed	6	56 73	57.56	61 23	+0.21	1.94
Money Market	6	52.93	52.93	56 10	+0.01	10.69
North American	6	58.15	59.20	62.98	-0.59	0.23
Midland FSAVCS Unit Trust ●						
British	6	57.99	58.81	62.56	+0.34	2.32
European Growth	6	58.13	58.24	61.96	+0.36	0.27
Gilt & Fixed Int	6	49 82	49.82	53.00	-0 04	8.92
Income	6	58 29	59 17	62.95	+0 41	3.33
Japan Growth	6	56.85	57.19	60 84	+0.35	0.00
Managed	6	55 83	56 65	60.27	+0.21	1.94
Money Market	6	51 01	51 01	54 06	+0 01	10 75
North American	6	58.53	59.57	63.37	-0 6	0.23

30 Uxbridge Road, London W12 8PG 01-749 9111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Worldwide Inc	5	98.46	98.46	105.10	-0.2	0.29
Worldwide Acc	5	102.60	102.60	109.50	-0.2	0.29
UK Equity Inc	5	79.03	79.03xd	84.79	+0 42	2 95
UK Equity Acc	5	86.93	86.93xd	93.26	+0.46	2 95
European Inc	5	116.40	116.40	124 5	....	0.58
European Acc	5	120 50	120.50	128.90	....	0.58
Nth American Inc	5	64 25	64.25	68.32	-0.9	1.46
Nth American Acc	5	66 63	66.63	70 85	-0.93	1.46
Japan Inc	5	114 90	114.90	123 00	+0.8	0.00
Japan Acc	5	115.10	115.1	123 20	+0 8	0.00
UK High Inc Eq Inc	5	73.27	73 27xd	79.17	+0 3	5.70
UK High Inc Eq Acc	5	83.38	83.38xd	90.10	+0.33	5.70
Hong Kong Inc	5	40 32	40 32	42 97	+0.45	3.12
Hong Kong Acc	5	41.72	41.72	44.49	+0.47	3.12
Swiss Equities Inc	5	37 44	37.44	40.16	+0.49	1.20
Swiss Equities Acc	5	37.77	37.77	40.51	+0.5	1.20
W'wide Bond Inc	5	52.31	52.31	55.25	-0 31	5 83
W'wide Bond Acc	5	54 01	54.01	57 05	-0 31	5.86
Emerging Asia Inc	5	81.56	81.56	87.39	-0.36	0 00
Emerging Asia Acc	5	81.56	81.56	87.39	-0.35	0.00

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	123.6	125.5	133.5	-0 5	2.58
PM Income & Gth	5	106 5	108 4	115.3	-0.1	4 54
PM Nth Amer Gth	5	55 05	55 05	58 56	-1.05	1.29
PM European Gth	5	57.33	57.33	60.98	+0.04	0.73
PM Japan Gth	5	77 27	77.40	82 34	-0 03	0.30
PM Overseas Gth	5	53.04	53.04	56.42	-0.14	0.46

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the Government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Centrl & Equity	5	63.68	66.74	70.99	[illegible]	6.70
European	5	68.65	69.05	73.45	+0.17	0.09
Far Eastern	5	64.34	64.58	68.61	+0.23	0.44
Growth Inc	5	90.50	93.76	99.74	+0.24	1.40
Growth Acc	5	90.50	93.76	99.74	+0.24	1.40
Income Inc	5	86.90	88.71	94.37	+0.33	4.51
Income Acc	5	86.90	88.71	94.37	+0.33	4.51
Property Share	6	56.51	56.51	60.23	+0.15	0.98
Smaller Co's	5	60.19	63.37	67.41	+0.09	1.42
Nth American	5	62.59	62.59	66.94	-0.46	1.60
International	5	48.38	48.38	51.73	-0.18	1.42

Wright Seligman Fund Mngrs Ltd (1000)H
11 Blomfield St, London EC2M 7AY 01-588 0392

Growth	5	112.25	112.25	117.25		4.05

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Yorkshire General	5¼	65.09	67.64	71.96	+0.14	2.52
YUTM UK Eqty Inc Tst	5¼	61.95	64.07	68.16	+0.44	4.40
YUTM Intl Grwth Tst	5¼	51.04	51.04	54.47	-0.15	0.95

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd
Int'l Expt June 7 ... 485.3 503.8

Cent. Bd. of Fin. of Church of England
2 Fore Street, London EC2Y 5AQ 01-588 1815

[illegible]

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Albany Life Assurance Co Ltd—Contd.

Allied Dunbar Assurance Plc

Ambassador Life Assce. Co Ltd

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Citibank British National

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1455

City of Westminster Assurance (z)
PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NS

Clerical Medical/Fidelity International

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life
29 Glasshouse St., W1R 5RG 01-434 3511

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221311

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Edinburgh Money Management Ltd

Equitable Life Assurance Society

Equity & Law

FS Assurance Limited

Family Assurance Society

Framlington Life Assurance Ltd

Friends' Provident

GT Management Ltd

General Accident Linked Life Assce

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA
117 Fenchurch St, London EC3M 5DY

Gresham Unit Assurance Ltd
2-6 Prince of Wales Rd, Bournemouth

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Irish Life Assurance Co Plc—Contd.

The LAS Group

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance(s)

Manchester Unity Assurance

Manulife Group PLC

Merchant Investors Assurance Co Ltd

Midland Life Limited

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Britannia Assce Co Ltd—Contd.

NEL Pensions Ltd

NM Life Assurance Co Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

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Continued on next page

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Premium Life Assurance Co Ltd

37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	130.0	137.0	——	-
Building Soc. Fd.	172.0	182.0	——	-
Balanced	289.0	305.0	1.0	-
European	181.0	191.0	1.0	-
GT Managed	179.0	189.0	——	-
Gartmore Mngd	118.0	125.0	-1.0	-
German	128.0	135.0	1.0	-
Gilt	185.0	195.0	1.0	-
Global	48.0	51.0	——	-
High Inc.	123.0	130.0	——	-
International Equity	200.0	211.0	1.0	-
Japan	242.0	255.0	1.0	-
Managed	64.0	68.0	——	-
Property	283.0	298.0	——	-
R W Imperial Gold	149.0	157.0	——	-
UK Equity	371.0	391.0	1.0	-
Pension Funds				
American	150.0	158.0	——	-
Building Soc. Fd.	173.0	183.0	——	-
Balanced	222.0	234.0	——	-
European	182.0	192.0	——	-
German	113.0	119.0	——	-
Gilt	156.0	165.0	——	-
International Equity	144.0	152.0	——	-
Japan	138.0	146.0	——	-
Managed	67.0	71.0	1.0	-
Property	218.0	230.0	——	-
UK Equity	338.0	356.0	1.0	-

Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4BE 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd.	609.7	642.5	1.8	-
Adventurous Mngd	131.2	138.3	0.2	-
Secure Mngd	111.6	117.6	0.2	-
Cash Fd	234.8	247.5	——	-
Property Fund	288.1	306.5	——	-
Equity Fund	689.1	726.2	2.8	-
Fxd Int. Fund	301.6	317.9	-0.1	-
International	304.2	323.7	0.8	-
High Income	482.2	513.0	5.3	-
Far East	408.6	434.7	-0.2	-
North American	280.2	295.3	-2.0	-
Special Sits	656.4	698.4	4.1	-
Technology	247.6	263.5	-3.1	-

Prudential Holborn Pensions Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Communications	106.3	111.9	+0.3	-
Smaller Companies	112.1	118.0	+0.3	-
International Small Cos	132.0	139.0	+0.6	-

Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary July 12	£160.04	165.64	——	-
Equity July 12	£177.12	183.95	——	-
International July 12	£26.44	27.28	——	-
Intl Bond July 12	£12.49	12.66	——	-
Fixed Int July 12	£72.44	73.41	——	-
Index Linked July 12	£61.89	62.65	——	-
Property July 12	£111.98	118.62	——	-
Cash July 12	£21.0908	21.0908	——	-
Pru-Linked Retirement Plan				
Managed July 19	394.4	410.9	0.2	-
Cash July 19	198.5	206.8	0.4	-
Prudential Pensions Investment Account				
Pens Mngd July 19	158.4	170.2	-0.6	-
Pens UK Eq July 19	315.1	340.0	-1.5	-
Pens Intl July 19	183.7	197.8	-1.2	-
Pens Fixed July 19	167.7	177.0	-0.9	-
Pens Index Lk July 19	158.8	167.7	-0.1	-
Pens Cash July 19	129.6	136.6	0.1	-

Regency Life Assurance Co Ltd

Regency Hse, Lanark Sq, London E14 9XS 01-538 8900

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd	122.0	128.4	——	-
Balanced Ptflio Fd	319.8	336.6	——	-
Cautious Ptflio Fd	122.9	129.3	——	-
Elite Fund	114.5	120.5	——	-
European Fund	87.8	92.4	——	-
Far East Fund	105.0	110.5	——	-
Fixed Interest Fund	241.9	254.6	——	-
International Fund	276.0	290.5	——	-
Money Fund	177.7	187.0	——	-
N. American Fd	121.2	127.5	——	-
Property Fund	424.2	446.5	——	-
UK Equity Fd.	393.1	413.7	——	-
A.I.M. Brewin Dolphin Fd.	96.0	101.0	——	-
Swim Select Invs.	110.6	116.4	——	-
Chart Safety First Bd.	110.2	116.0	——	-
Exec Master Fd	98.9	104.1	——	-
Hardwick Growth Fd	110.3	116.1	——	-
Bentley Haig LR Port.	103.6	109.0	——	-
Milbourne Spec Port.	116.0	122.1	——	-

PBR Fund Management Ltd

16 Northumberland Avenue, WC2N 5AP 01-839 6876

	Bid Price	Offer Price	+ or -	Yield Gross
Flexi-Bond	146.6	154.1	-0.7	-
Flexi Pension Bond	138.5	145.5	-0.5	-
Managed Bond		125.6	-0.1	-
Managed Pension		130.7	——	-

Roxborough Financial Management Ltd

123-125 Curtain Road, London EC2A 3BX 01-739 7117

Rothschild Asset Management—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
OCCFL Pts			[illegible]	2050.95xd	+2.36	12.9
OCCFL SKr			[illegible]	102.33xd	+0.08	18.24
OCCFL SwFr			[illegible]	30.406xd	+0.014	5.65
OCCFL U.S.$			15.297	15.297xd	+0.01	7.98
OCCFL Yen			7328.11	3528.11xd	+1.14	3.88
OCCFL Man £	3	10.025	10.425xd	10.747	[illegible]	11.6

Daily Dealings

Royal Bank of Canada Funds

RBC Offshore Fund Managers Ltd

PO Box 246, St Peter Port, Guernsey 0481 23021

Bamford Brandt Guernsey Mngt. Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Tech and Comm.	£10.66	11.31	——	-
Pacific Basin Fd.	$93.04	98.76	——	-
Western European	$18.20	19.50	——	-

The Bangkok Fund

Merrill Lynch Intl Capital Mngmt (Gsy) Ltd

July 19 Nav US$52.56xd Bkk. (1,358.14xd)(for info only)

Baring Intl Fund Managers Guernsey Ltd

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	.....	–	–
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	.....	11.07	13.44
98¾	95¾	Treas 5pc 1986-89	[illegible]	.....	5.08	11.82
99½	98¾	Exch 10¼pcCv '89	[illegible]	[illegible]	10.34	12.70
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.96	12.26
130½	124	Treas 2pc IL '90(84.6)	[illegible]	[illegible]	2.09	9.98
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	11.08	12.36
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	12.52	12.73
94½	91	Treas. 3pc 1990	[illegible]	.....	3.17	10.15
96¾	95¾	Treas 8¼pc 1987-90‡‡	[illegible]	.....	8.51	11.90
[illegible]	95¼	Treas. 8pc Cv 1990 ‡‡	[illegible]	[illegible]	8.24	11.18
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	10.25	12.06
91½	87	Exch 2½pc 1990	91½	.....	2.72	9.10
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.78	11.92
92½	89¾	Funding 5¾pc '87-91‡‡	92½	.....	6.22	10.65
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	.....	3.35	9.47
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.30	11.68
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	11.10	11.44
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.60	11.41
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.31	11.05
99½	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.25	11.12
[illegible]	91	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.63	11.15
100¾	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.65	11.07
[illegible]	82¼	Treas. 3pc 1992	[illegible]	.....	3.56	9.27
[illegible]	101¼	Exch. 12¼pc '92	[illegible]	[illegible]	11.88	11.03
109¾	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	12.67	10.94
[illegible]	[illegible]	Treas 8¼pc 1993	[illegible]	[illegible]	8.93	10.84
[illegible]	95¾	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.23	10.72
108¼	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	11.85	10.74
87¼	84¾	Funding 6pc 1993‡‡	[illegible]	[illegible]	6.98	10.20
113¾	108¼	Treas 13¾pc 1993‡‡	110¾	[illegible]	12.46	10.67
94½	89¾	Treas. 8½pc 1994	[illegible]	[illegible]	9.20	10.64
[illegible]	112½	Treas 14½pc 1994‡‡	114½	[illegible]	12.66	10.44
[illegible]	[illegible]	Exch 13½pc 1994	110¼	[illegible]	12.24	10.66
100½	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.20	10.50

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
110¼	[illegible]	Exch. 12¼pc 1994	107	[illegible]	11.67	10.64
[illegible]	91¾	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.57	10.48
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.37	10.63
79¾	74½	Exch 3pc Gas 90-95	[illegible]	[illegible]	3.92	8.17
[illegible]	95¼	Exch. 10¼pc 1995	[illegible]	[illegible]	10.38	10.52
[illegible]	107¼	Treas 12¾pc 1995‡‡	[illegible]	[illegible]	11.56	10.46
[illegible]	112¾	Treas. 14pc '96	[illegible]	[illegible]	12.13	10.66
97½	[illegible]	Treas. 9pc 1992-96‡‡	94	[illegible]	9.58	10.26
[illegible]	119¾	Treas 15¼pc 1996‡‡	122½	[illegible]	12.46	10.53
117¾	110	Exch 13¼pc 1996‡‡	[illegible]	[illegible]	11.71	10.48
101¾	[illegible]	Conversion 10pc 1996	[illegible]	[illegible]	10.21	10.39
[illegible]	110¼	Treas 13¼pc 1997‡‡	[illegible]	[illegible]	11.61	10.48
[illegible]	97¼	Exch 10½pc 1997	100	[illegible]	10.45	10.40
[illegible]	88¾	Treas 8¾pc 1997‡‡	92	[illegible]	9.51	10.21
[illegible]	[illegible]	Exch 15pc 1997	[illegible]	[illegible]	12.12	10.60

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
20⅝	16¾	FPL Group 1c	19⅞xd	–⅛	$2.28	–	7.4
32⅞	27⅜	Ford Motor $1	30⅛	–⅝	$3.00	–	6.3
45½	30 3/16	GATX 62½c	44⅛	–1/16	$2.00	–	2.9
35⅝	24¼	Gen. Elect. 63c	33⅞	–⅛	$1.64	–	3.1
568p	483p	♥General Host Corp $1	487p	+4	30c	–	3.9
39⅛	18¼	Gillette $1	25⅞	[illegible]	96c	–	2.3
987p	616p	Gt Am First Svgs Bk $1	811p	+1	60c	–	4.7
23⅝	16 [illegible]	Greyhound $1½	20 [illegible]	[illegible]	$1.32	–	4.0
14¼	847p	Hasbro Inc 50c	12⅞	[illegible]	16c	–	0.8
52⅝	32¼	Honeywell $1½	58¼xd	+1	$2.10	–	2.6
21¼	15¼	Houston Inds.	20⅛	–⅛	$2.96	–	9.3
74⅝	63 [illegible]	IBM Corpn $1¼	70⅞xd	–1⅛	$4.84	–	4.3
60p	45p	♥Image Storage/R.Sys.1c	55p	.....	–	–	–
28¾	18¾	Ingersoll–Rand $2	27⅞xd	.....	$1.20	–	2.8
33	22½	Lockheed Crpn. $1	30⅝xd	+¼	$1.60	–	3.3
22⅞	15 [illegible]	Lone Star Inds $1	19¼	–¼	$1.90	–	6.2
25	17½	Louisiana Land 15c	23¼xd	–⅛	$1.00	–	2.7
17	11½	Lowe's 50c	15¼xd	–⅛	48c	–	1.9
25¼	15 [illegible]	Manuf. Hanover $1	24½	–⅛	$3.28	–	8.5
20½	13 [illegible]	Merrill Lynch $1	19⅞	–⅛	$1.00	–	3.2
2253p	1910p	Molex Inc	2067p	+20	3.2c	–	–
27 [illegible]	18¼	Morgan (JP) $2½	23⅞xd	–⅛	$1.66	–	4.5
54½	36¼	NYNEX $1	49½	–¼	$4.36	–	5.6
24⅝	18¼	PHH Corp.	22⅞	.....	$1.12	–	3.1
259p	180p	♥Pacific Agr.	180p	.....	–	–	–
27¼	19	Pacificorp $3¼	24¼xd	–⅞	$2.76	–	6.7
27¼	16⅞	Pacific Telesis 10c	26⅞	–⅛	$1.88	–	4.4
22⅛	15¼	Pall Corp. 25c	20⅝	–⅛	48c	–	1.5
55½	39 [illegible]	Pennzoil 83 1/3c	50¼xd	[illegible]	$3.00	–	3.8
25½	17 [illegible]	Premark Intl	23¼	[illegible]	84c	–	2.3
42¼	28⅞	Quaker Oats $5	39 [illegible]	–⅛	$1.20	–	1.9
32½	23½	Rep NY Corpn $5	30¼xd	–⅛	$1.28	–	2.7
15½	11 [illegible]	Rockwell Intl. $1	13½xd	–⅛	78c	–	3.7
35	21⅝	Southwestern Bell $1	34	.....	$2.60	–	4.8
27⅞	17 [illegible]	Sun Co. Inc. $1	23¼xd	–¼	$1.80	–	4.9
30¼	22 [illegible]	TRW Inc. 62½c	29⅝xd	–⅛	$1.72	–	3.7
22¼	14⅛	TW Services $5	20⅛	–¼	10c	–	0.3
36¾	26¼	Tenneco $5	35¼xd	[illegible]	$3.04	–	5.5
35 [illegible]	28	Texaco $6.25	32 [illegible] xd	[illegible]	♦$3.00	–	5.8
28 [illegible]	21⅝	Texas Instr. $1	24¼xd	–½	72c	–	1.8
117 [illegible]	58⅝	Time Inc. $1	85¼	–2⅛	$1.00	–	0.7
18 [illegible]	15 [illegible]	TRINOVA Corp.	16 [illegible] xd	–¼	s64c	–	2.4
24⅛	16	USX $1	21⅝xd	–⅛	$1.40	–	4.1
175p	126p	♥Unilab	175p	.....	–	–	–
33 [illegible]	22⅛	Utd. Technologies	32 [illegible] xd	–⅛	$1.60	–	3.1
158p	128p	♥Utilitech Inc	137p	.....	–	–	–
46½	31½	US West	43¼	–1	$3.76	–	5.4
35 [illegible]	22⅝	Waste Management $1	34¼xd	+⅛	48c	–	0.9
20⅛	13½	Whirlpool $1	19¼	–⅛	$1.10	–	3.6
24⅛	16 [illegible]	Whitman Corp.	21¼	–⅛	$1.02	–	3.0
36 [illegible]	28¼	♥Woolworth $3½	34⅞	+¼	$1.88	–	3.5

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
168p	129p	♥ABM Gold Corp	149p	–2	–	–	–
25½p	4½p	♥Abbot Energy Corp.	24p	–1	–	–	–
16⅛	902p	♥Amer. Barrick Res.	16⅛	.....	–	–	–
19¾p	10½p	♥Armeno	16p	.....	–	–	–
344p	94p	♥Asiamerica Hldgs	286p	–15	–	–	–
33¼p	8½p	♥Augmitto Expln	18p	+2	–	–	–
17¼	12⅞	Bk. Montreal	17⅛	.....	$2.12	–	6.3
10⅛	656p	Bk. Nova Scot.	909p	–7	92c	–	5.2
22	17	BCE	21½	–¼	$2.44	–	5.9
848p	570p	♥Bow Valley	740p	.....	♦40c	–	2.8
16⅞	12¼	♥Brascan	15¼	–⅛	88c	–	2.9
228p	144p	♥Breakwater Res.	161p	–1	10c	–	3.2
17¼	11¼	Can.Imp Bank	15⅝	–⅛	$1.24	–	4.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

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INSURANCES—Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

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SOUTH AFRICANS

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TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

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OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

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MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

1989 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*17½	5½	Staks Hldgs. 5p	9½	......	–	–	–	13.0
*3¾	1½	Swanyard Studios 1p	2¼	......	–	–	–	♦
11	7	Systems Connection 2½p	8½	+½	–	–	–	11.2
43	37	Tavern Leis. 20p	40	......	–	–	–	–
102	28	Tomorrows Leisure 20p	95	+4	–	–	–	47.3
19	11	Tullow Oil 10p	15	......	–	–	–	–
113	85	UPL Group 10p	85	......	2.75	♦	4.3	♦
150	135	Unit Group	143	......	5.0	♦	4.7	♦
14	5	Vista Ents 5p	9½	+½	–	–	–	–
40	35	Vizcaya Hldgs 5p	35	......	–	–	–	–
39½	23	Whitegate Leisure 20p	39½	+½	–	–	–	–
26	10	Do. Wrnts	24	......	–	–	–	–
10¼	5	Wilton Group 1p	8¼	+¼	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on *middle prices, are gross, adjusted to ACT of 25 per cent and allow* for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h *Assumed dividend and yield after scrip issue. j Payment from* capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C *Canadian. E Minimum tender price. F Dividend and yield based* on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	97	......
Craig & Rose £1	830	......
Finlay Pkg. 5p	88	......
Holt (Jos) 25p	1343	......
Arnotts	410	......
Carrol (P.J.)	155	......
Hall (R. & H.)	170	......
Helton Hldgs.	81	......
Irish Ropes	285	+2
United Drug	135	......

IRISH

Cap. 8½% Ln. 1991	£98½	......
9pc Cap Ln. 1996	£101¼	......
Fin. 13% 97/02	£121¼	−¼

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	38
Amstrad	11
BAT	88
BOC Grp.	42
BSR	6½
BTR	32
Barclays	42
Beecham	50
Blue Circle	40
Boots	25
Bowaters	44
Brit. Aerospace	52
British Steel	7½
Brit. Telecom	21
Burton Ord.	18
Cadburys	46
Charter Cons.	48
Comm. Union	32
Courtaulds	30
FKI Babcock	14
FNFC	22
Gen Accident	85
GEC	20
Glaxo	110
Grand Met	48
GUS 'A'	90
Guardian	18
GKN	34
Hanson	16
Hawker Sidd.	60
ICI	100
Jaguar	28
Ladbroke	28
Legal & Gen.	26
Lex Service	33
Lloyds Bank	29
Lucas Inds.	58
Marks & Spencer	15
Midland Bk.	30
Morgan Grenfell	24
Nat West Bk.	25
P & O Dfd.	55
Plessey	22
Polly Peck	26
Racal Elect.	40
RHM	42
Rank Org Ord.	50
Reed Intnl.	34
STC	32
Sears	18
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TSB	10
Tesco	14
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T&N	18
Unilever	46
Vickers	18
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Burmah Oil	50
Calor	35
Charterhall	2½
Premier	5
Shell	52
Ultramar	26

Mines

Cons Gold	100
Lonrho	30
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retains firm undertone

THE DOLLAR rose yesterday from Tuesday's closing levels although finishing below its best. The US unit crept up in relatively thin morning trading *as investors awaited the* release of US consumer prices for June. However, these provided no fresh incentive, rising by 0.2 per cent - a little less than most forecasts.

Traders are now waiting for today's Congressional testimony by Mr Alan Greenspan, chairman of the US Federal Reserve, to the House banking subcommittee.

The dollar was confined to a narrow range for much of yesterday, opening in London on a firmer note, despite modest intervention by the Bank of Japan in Tokyo, and moving above DM1.90 in the *morning*. It lost a little ground in the afternoon but came back to finish at DM1.9020 from DM1.8935. It was also higher against the yen at Y141.95 from Y141.40, and finished elsewhere at SFr1.6470 from SFr1.6415 and FFr6.4525 compared with FFr6.4225. On Bank of England figures, the dollar's exchange rate index finished at 70.4 from 70.3 on Tuesday.

Sterling finished around the middle of the day's range; its exchange rate index touched a high of 92.5 before closing at 92.4 against 92.2 at the opening and 92.3 on Tuesday. Confidence in sterling has been sufficient to attract overseas investors at a time when the dollar is lacking any positive direction. UK rates are unlikely to fall in the short term, while investors gain comfort from the Government's repeated determination to use high rates to control inflation for as long as is necessary.

The pound closed at $1.6195 from $1.6265 but was unchanged *against the D-Mark* at DM3.0800 and the yen at Y230.0. Elsewhere, it finished at SFr2.6675 from SFr2.6700 and FFr10.4500 compared with FFr10.4450.

The Australian dollar fell sharply, breaking through support at 74.80 US cents. The *Bank of Australia was active* in Sydney selling US dollars, and managed to bring the closing rate back to 74.75 from a low of 74.70 US cents.

The weaker tone was sparked off by a report from Citicorp Scrimgeour Vickers suggesting that the Australian unit could lose 20 per cent of its value over the next two months. It closed in London at 74.79, still well down from Tuesday's close of 76.07 US cents.

The D-Mark gave up early gains against the Japanese yen, falling to Y74.63 by the close in London from Y74.85 at the opening and Y74.68 on *Tuesday. Investors are starting* to take profits in long D-Mark/short yen positions ahead of this weekend's elections in Japan. While the ruling Liberal Democratic Party is not expected to hold its current share of the vote, investors are still not willing to risk exposure to an unexpected turn of events. Consequently, the prospect of the D-Mark moving higher to test the psychologically important Y75.0 level may now be some time away.

£ IN NEW YORK

July.19	Latest	Previous Close
£ Spot	1.6175-1.6185	1.6233-1.6243
1 month	0.66-0.65pm	0.70-0.66pm
3 months	1.95-1.92pm	1.90-1.86pm
12 months	7.40-7.30pm	6.80-6.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July.19	Previous
8.30 am	92.2	92.2
9.00 am	92.3	92.1
10.00 am	92.3	92.3
11.00 am	92.3	92.3
Noon	92.3	92.2
1.00 pm	92.4	92.1
2.00 pm	92.5	92.4
3.00 pm	92.5	92.5
4.00 pm	92.4	92.3

CURRENCY RATES

July.19	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.27313	1.48585
U.S Dollar	7	1.26067	1.09062
Canadian $	12.39	*1.50133*	*1.29708*
Austrian Sch.	5	17.0417	14.5794
Belgian Franc	7.75	50.7294	43.4640
Danish Krone	7½	9.39829	8.04823
Deutsche Mark	5.00	2.42238	2.07272
Neth. Guilder	5.50	2.73376	2.33829
French Franc	9½	8.22272	7.03450
Italian Lira	13½	N/A	1499.33
Japanese Yen	2½	179.267	154.377
Norway Krone	8	8.85369	7.59508
Spanish Peseta	-	151.896	129.904
Swedish Krona	9½	8.23091	7.07049
Swiss Franc	5.5	2.09586	1.79353
Greek Drach.	20½	*N/A*	*179.211*
Irish Punt	-	N/A	0.774974

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for July.18

CURRENCY MOVEMENTS

July.19	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.4	-18.8
U.S Dollar	70.4	-7.8
Canadian Dollar	103.7	+0.1
Austrian Schilling	106.8	+9.9
Belgian Franc	106.1	-5.8
Danish Krone	103.8	-1.2
Deutsche Mark	113.3	+20.9
Swiss Franc	107.0	-16.2
Guilder	110.5	+13.5
French Franc	99.5	-15.3
Lira	99.3	-18.9
Yen	138.4	+69.4

*Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)***Rates are for July.18 .*

OTHER CURRENCIES

	£	$
Argentina	1054.00-1062.50	650.00-655.00
Australia	2.1680-2.1705	1.3365-1.3375
Brazil	3.1070-3.1260	1.9180-1.9280
Finland	6.9153-6.9340	4.2720-4.2740
Greece	262.90-268.15	162.95-165.55
Hong Kong	12.6435-12.6565	7.8020-7.8040
Iran	117.40*	72.00*
Korea(Sth)	1079.00-1087.70	665.00-670.40
Kuwait	0.47720-0.47830	0.29430-0.29480
Luxembourg	64.40-64.50	39.75-39.85
Malaysia	4.3425-4.3555	2.6800-2.6820
Mexico	4075.00-4094.00	2515.00-2525.00
N. Zealand	2.8615-2.8675	1.7645-1.7675
Saudi Ar.	6.0805-6.0860	3.7500-3.7510
Singapore	3.1770-3.1820	1.9590-1.9610
S. Af (Cm)	4.3700-4.3810	2.6990-2.7020
S. Af (Fn)	6.6200-6.7580	4.0815-4.1665
Taiwan	41.85-41.95	25.80-25.85
U.A.E.	5.9540-5.9595	3.6720-3.6730

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July.19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4012	+2.22	+0.99	±1.5424
Danish Krone	7.85212	8.04823	+2.50	+1.27	±1.6419
German D-Mark	2.05853	2.07272	+0.69	-0.54	±1.1019
French Franc	6.90403	7.03450	+1.89	+0.66	±1.3719
Dutch Guilder	2.31943	2.33829	+0.81	-0.42	±1.5019
Irish Punt	0.768411	0.774974	+0.85	-0.38	±1.6689
Italian Lira	1483.58	1499.33	+1.06	+0.43	±4.0815
Spanish Peseta	130 000	129.904	-0.07	-	-

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

July.19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6145-1.6265	1.6190-1.6200	0.68-0.65cpm	4.93	1.98-1.94pm	4.84
Canada	1.9230-1.9325	1.9250-1.9260	0.30-0.20cpm	1.56	0.87-0.73pm	1.77
Netherlands	3.46¼-3.47¾	3.46¾-3.47¾	2⅛-1⅞cpm	6.91	5⅛-5⅝pm	6.55
Belgium	64.20-64.60	64.40-64.50	33-31cpm	5.96	86-82pm	5.21
Denmark	11.92-11.97¼	11.95-11.96	4⅝-4¼orepm	4.45	13¼-12¼pm	4.22
Ireland	1.1465-1.1550	1.1540-1.1550	0.45-0.40pm	4.83	1.20-1.10pm	3.98
W. Germany	3.06¼-3.08¼	3.07¾-3.08¼	1⅞-1¾pfpm	7.06	5⅜-5¼pm	6.17
Portugal	256.20-258.10	257.10-258.10	13-38cdis	-1.19	117-167dis	-2.20
Spain	192.15-193.25	192.70-193.00	9-23cdis	-1.00	50-68dis	-1.22
Italy	2222¼-2230¼	2226½-2227½	5-3lirepm	2.16	10-7pm	1.53
Norway	11.26¼-11.29¼	11.27¾-11.28¾	3⅛-2⅞orepm	3.19	8⅝-8¼pm	1.91
France	10.40¼-10.45¼	10.44½-10.45½	4⅜-4¼cpm	4.88	12⅝-12¼pm	4.69
Sweden	10.49-10.57½	10.49¾-10.50¾	2⅜-2⅛orepm	2.57	6-5⅜pm	2.21
Japan	229-230½	229½-230½	1⅝-1⅝ypm	8.80	4⅞-4⅝pm	8.37
Austria	21.58-21.65	21.62-21.65	10⅝-9⅛gropm	5.48	33¼-30pm	5.84
Switzerland	2.66-2.67¼	2.66¼-2.67¼	1⅝-1½cpm	7.03	4½-4⅜pm	6.65
ECU	1.4825-1.4870	1.4855-1.4865	0.63-0.60cpm	4.97	1.73-1.68pm	4.59

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 64.50-64.60 Six-month forward dollar 3.73-3.68cpm 12 months 6.90-6.80cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July.19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6145-1.6265	1.6190-1.6200	0.68-0.65cpm	4.93	1.98-1.94pm	4.84
Ireland†	1.4055-1.4115	1.4070-1.4080	0.05-parpm	0.21	0.28-0.18pm	0.65
Canada	1.1880-1.1910	1.1885-1.1895	0.32-0.35cdis	-3.37	0.93-0.98dis	-3.21
Netherlands	2.1340-2.1470	2.1445-2.1455	0.38-0.36cpm	2.08	1.00-0.96pm	1.84
Belgium	*39.60-39.85*	*39.75-39.85*	*3.50-2.00cpm*	*0.83*	*7.00-4.50pm*	*0.58*
Denmark	7.34¾-7.38¾	7.38-7.38½	0.15-0.40oredis	-0.37	0.65-1.05dis	-0.46
W. Germany	1.8920-1.9050	1.9015-1.9025	0.36-0.34pfpm	2.21	1.00-0.97pm	2.07
Portugal	159.00-159.15	159.00-159.10	73-88cdis	-6.09	265-295dis	-7.06
Spain	118.60-119.25	119.00-119.10	52-62cdis	-5.74	173-183dis	-5.98
Italy	1370-1376½	1374¾-1375¾	3.00-3.50liredis	-2.84	11.00-11.70dis	-3.30
Norway	6.94¼-6.97	6.96½-6.97	0.85-1.10oredis	-1.68	3.05-3.55dis	-1.90
France	6.42-6.45¼	6.45-6.45½	0.05pm-parpm	0.05	0.05-0.20cdis	-0.08
Sweden	6.46½-6.49	6.48-6.48½	1.23-1.35oredis	-4.15	4.10-4.35dis	-2.61
Japan	141.10-142.15	141.90-142.00	0.48-0.46ypm	3.98	1.33-1.30pm	3.71
Austria	13.31-13.38¼	13.35¼-13.35¾	1.00-0.20gropm	0.54	4.30-2.70pm	1.05
Switzerland	1.6395-1.6490	1.6465-1.6475	0.29-0.26cpm	2.01	0.81-0.77pm	1.92
ECU	1.0890-1.0910	1.0900-1.0910	par-0.01cdis	-0.06	0.08-0.05cpm	0.24

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.80-39.90.

EURO-CURRENCY INTEREST RATES

July.19	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14¼-14	14¼-14	14⅛-14	13⅞-13⅞	13¾-13½	13⅝-13½
US Dollar	9⅜-9¼	9⅜-9¼	9¼-9	9-8⅞	8¾-8⅝	8⅝-8½
Can. Dollar	12¼-11⅞	12⅜-12¼	12⅛-11⅞	12⅛-11⅞	11¾-11½	11¼-11
D. Guilder	7-6¾	7-6¾	7⅛-6⅞	7⅛-7	7¼-7⅛	7¼-7⅛
Sw. Franc	7½-7¼	7¼-7	7¼-7	7⅛-7	7⅛-6⅞	6⅞-6¾
Deutschmark	7-6⅞	7-6⅞	7-6⅞	7-6⅞	7-6⅞	7-6⅞
Fr. Franc	9-8¾	9⅛-8⅞	9¼-9	9⅜-9¼	9⅜-9¼	9⅜-9¼
Italian Lire	11-9	12¼-11¾	12⅛-11⅝	12¼-11¾	12⅛-12	12⅜-12¼
B. Fr. (Fin)	8½-8⅜	8½-8⅜	8⅝-8½	8⅝-8½	8½-8⅜	8½-8⅜
B. Fr. (Con.)	8⅝-8½	8⅝-8½	8⅝-8½	8⅞-8¾	8⅝-8½	8⅝-8½
Yen	5¼-5⅛	5¼-5⅛	5⅜-5¼	5⅝-5½	5⅝-5½	5⅝-5½
D. Krone	10¼-10⅛	10⅛-9¾	9⅞-9¾	9⅝-9½	9⅝-9½	9⅝-9½
Asian $Sing	9¼-9⅛	9¼-9⅛	9⅛-9⅛	9⅛-8⅞	8⅞-8¾	8⅞-8¾

Long term Eurodollars: two years 8¼-8½ per cent; three years 8¼-8½ per cent; four years 8⅜-8⅝ per cent; five years 8⅜-8⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July.19	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.620	3.080	230.0	10.45	2.668	3.473	2227	1.926	64.45
$	0.617	1	1.901	142.0	6.451	1.647	2.144	1375	1.189	39.78
DM	0.325	0.526	1	74.68	3.393	0.866	1.128	723.1	0.625	20.93
YEN	4.348	7.043	13.39	1000.	45.43	11.60	15.10	9683	8.374	280.2
F Fr.	0.957	1.550	2.947	220.1	10.	2.553	3.323	2131	1.843	61.67
S Fr.	0.375	0.607	1.154	86.21	3.917	1	1.302	834.7	0.722	24.16
H Fl.	0.288	0.466	0.887	66.23	3.009	0.768	1	641.2	0.555	18.56
Lira	0.449	0.727	1.383	103.3	4.692	1.198	1.559	1000.	0.865	28.94
C $	0.519	0.841	1.599	119.4	5.426	1.385	1.803	1156	1	33.46
B Fr.	1.552	2.514	4.779	356.9	16.21	4.140	5.389	3455	2.988	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Short sterling vulnerable

SHORT STERLING futures recovered from the day's lows in Liffe trading yesterday, but still finished down from Tuesday's close. *The September* price also failed to break above Tuesday's low of 86.40, and, taken with a clear break through major chart support at 86.35, suggests that the contract is vulnerable to further losses.

The September contract finished at 86.37, up from a low of 86.30 but down from 86.39 at the opening and Tuesday's close of 86.45. Even at yesterday's closing rate, the September contract is assuming a *cash three-month* interbank rate in September of 13⅝ per cent compared with 13$\frac{13}{16}$ per cent last night, and the size of the implied fall in rates is regarded as being optimistic.

West German Government bonds recovered from early lows to finish slightly up on the day. Values were marked down sharply during the morning after the Bundesbank drained funds from the Frankfurt money market. However, retail interest in the afternoon *quickly erased the earlier* losses, and the September price came back to finish at 95.23 compared with a low of 95.06 and Tuesday's close of 95.16.

US Treasury bonds moved firmer in very thin trading volume, after a smaller than expected rise in US consumer prices.

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
92	3-47	3-56	0-05	0-34
93	2-52	3-09	0-10	0-51
94	1-60	2-31	0-18	1-09
95	1-16	1-58	0-38	1-36
96	0-47	1-28	1-05	2-06
97	0-24	1-03	1-46	2-45
98	0-12	0-47	2-34	3-25

Estimated volume total, Calls 255 Puts 567
Previous day's open int. Calls 14995 Puts 20224

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
90	7-10	7-09	0-02	0-21
92	5-12	5-25	0-04	0-37
94	3-18	3-53	0-10	1-01
96	1-41	2-36	0-33	1-48
98	0-38	1-36	1-30	2-48
100	0-11	0-58	3-03	4-06
102	0-03	0-33	4-59	5-45

Estimated volume total, Calls 202 Puts 46
Previous day's open int. Calls 2605 Puts 2999

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9350	1.77	2.00	0.04	0.27
9400	1.31	1.63	0.08	0.40
9450	0.89	1.29	0.16	0.56
9500	0.54	1.00	0.31	0.77
9550	0.30	0.76	0.57	1.03
9600	0.15	0.56	0.92	1.33
9650	0.07	0.40	1.34	1.67

Estimated volume total, Calls 595 Puts 569
Previous day's open int. Calls 13665 Puts 12995

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Aug	Calls-settlements Sep	Puts-settlements Aug	Puts-settlements Sep
145	17.10	17.10	0.00	0.07
150	12.10	12.10	0.04	0.33
155	7.10	7.10	0.37	1.14
160	3.22	3.73	1.65	2.91
165	1.05	1.67	4.48	5.85
170	0.23	0.62	8.66	9.79
175	0.03	0.18	13.46	14.36

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 196 Puts 23

LIFFE EURODOLLAR OPTIONS
£1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9075	0.72	1.14	0.03	0.08
9100	0.50	0.93	0.06	0.12
9125	0.30	0.72	0.11	0.16
9150	0.17	0.55	0.23	0.24
9175	0.09	0.40	0.40	0.34
9200	0.04	0.28	0.60	0.47
9225	0.02	0.19	0.83	0.63

Estimated volume total, Calls 130 Puts 52
Previous day's open int. Calls 5536 Puts 4169

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8600	0.54	1.35	0.17	0.18
8625	0.38	1.15	0.26	0.23
8650	0.26	0.97	0.39	0.30
8675	0.16	0.80	0.54	0.38
8700	0.10	0.64	0.73	0.47
8725	0.06	0.51	0.94	0.59
8750	0.03	0.40	1.16	0.73

Estimated volume total, Calls 3829 Puts 1713
Previous day's open int. Calls 22000 Puts 20224

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
1.575	4.91	5.29	5.54	5.96	0.75	1.72	2.34	3.71
1.600	3.13	3.70	4.04	4.59	1.50	2.60	3.42	4.92
1.625	1.88	2.46	2.84	3.44	2.60	3.91	4.79	6.35
1.650	1.00	1.70	2.03	2.53	4.24	5.51	6.39	7.95
1.675	0.49	0.57	1.36	1.92	6.20	17.36	8.19	9.70
1.700	0.20	0.29	0.86	1.37	8.62	9.40	10.17	11.60
1.725	0.07	0.12	0.51	0.94	-	11.59	12.28	13.62

Previous day's open int: Calls 322,779 Puts 358,610 (All currencies)
Previous day's volume: Calls 31,801 Puts 40,295 (All currencies)

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	95-21	95-26	95-16	95-27
Dec	95-11			95-16

Estimated volume 9122 (10831)
Previous day's open int. 29519 (28584)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sep	97-04	97-08	96-22	96-30
Dec	96-26			96-20
Mar				

Estimated volume 3445 (4117)
Previous day's open int. 7560 (7695)

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	95.23	95.24	95.06	95.16
Dec	95.23	95.22	95.04	95.15
Mar	95.13			95.05

Estimated volume 22605 (18797)
Previous day's open int. 39145 (38611)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	*High*	*Low*	*Prev.*
Sep	104.68	104.75	104.55	104.56
Dec	104.08	104.02	104.02	103.96

Estimated volume 423 (551)
Previous day's open int. 977 (987)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	86.37	86.39	86.30	86.45
Dec	*87.17*	*87.20*	*87.06*	*87.24*
Mar	87.87	87.90	87.78	87.95
Jun	88.28	88.29	88.19	88.33

Est. Vol. (inc. figs. not shown) 27268 (19405)
Previous day's open int. 91421 (90861)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sep	91.44	91.45	91.31	91.33
Dec	91.81	91.81	91.64	91.70
Mar	92.06	92.00	91.91	91.96
Jun	92.05	92.04	91.92	91.94

Est. Vol. (inc. figs. not shown) 8724 (9685)
Previous day's open int. 47508 (47530)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	93.17	93.18	93.08	93.15
Dec	93.23	93.25	93.18	93.22
Mar	93.35	93.30	93.30	93.32
Jun	93.38			93.38

Estimated volume 3784 (4016)
Previous day's open int. 15159 (15144)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sep	2333.0	2335.0	2292.0	2293.0
Dec	2378.0	2377.0	2377.0	2338.0

Estimated volume 3191 (2586)
Previous day's open int. 19119 (18524)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6195	1.5530	1.5999	1.5825	1.5510

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6088	1.6140	1.6072	1.6134
Dec	1.5896	1.5962	1.5898	1.5950
Mar	1.5720	1.5790	1.5720	1.5774
Jun	1.5630	1.5630	1.5560	1.5604

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sep	97-05	97-09	96-20	96-27
Dec	96-29	97-01	96-13	96-19
Mar	96-20	96-22	96-08	96-09
Jun	96-10	96-12	96-07	95-31
Sep	96-00	96-01	95-30	95-21
Dec	-	-	-	95-12
Mar	-	-	-	95-03
Jun	-	-	-	94-27
Sep	-	-	-	94-19
Dec	-	-	-	94-11
Mar	-	-	-	-

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	92.66	92.68	92.58	92.61
Dec	93.10	93.10	93.01	93.06
Mar	93.33	93.33	93.26	93.28
Jun	93.26	93.26	93.25	93.25
Sep	93.30	93.30	93.30	93.24

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6091	0.6115	0.6088	0.6111
Dec	0.6117	0.6140	0.6115	0.6136
Mar	0.6150	-	0.6150	0.6161

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.7099	0.7130	0.7095	0.7115
Dec	0.7154	0.7186	0.7152	0.7170
Mar	0.7230	0.7230	-	0.7222
Jun	-	-	-	0.7275

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.5281	0.5298	0.5276	0.5299
Dec	0.5330	0.5320	0.5299	0.5322
Mar	0.5327	-	0.5327	0.5343
Jun	-	-	-	0.5364

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	91.42	91.43	91.32	91.35
Dec	91.77	91.78	91.63	91.69
Mar	92.02	92.03	91.89	91.96
Jun	92.02	92.02	91.89	91.95
Sep	91.91	91.91	91.81	91.86
Dec	91.71	91.71	91.62	91.66
Mar	91.65	91.65	91.56	91.60
Jun	91.55	91.55	91.47	91.50

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	336.20	336.60	336.15	334.50
Dec	340.10	340.70	339.35	338.10
Mar	344.00	344.50	344.00	342.10

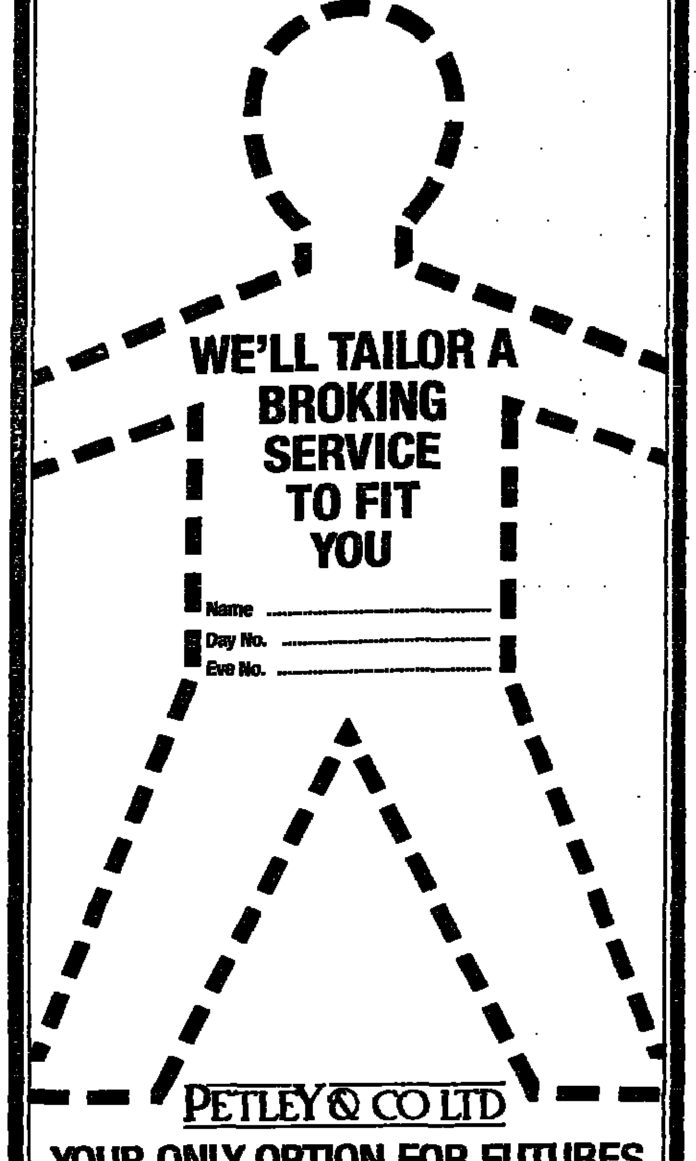
EUROPEAN OPTIONS EXCHANGE

Series		Aug. 89 Vol	Aug. 89 Last	Nov. 89 Vol	Nov. 89 Last	Feb. 90 Vol	Feb. 90 Last	Stock
Gold C	$ 390	445	1.50	20	9	-	-	$ 371.70
Gold C	$ 400	100	1.10	19	6	23	13	$ 371.70
Gold P	$ 390	50	19.50	-	-	-	-	$ 371.70

		Jul. 89		Aug. 89		Sep. 89		
EOE Index C	Fl. 270	96	44	-	-	-	-	Fl. 313.71
EOE Index C	Fl. 275	50	38.60 b	-	-	-	-	Fl. 313.71
EOE Index C	Fl. 280	97	34	-	-	-	-	Fl. 313.71
EOE Index C	Fl. 285	610	29	-	-	-	-	Fl. 313.71
EOE Index C	Fl. 290	720	24.20 a	-	-	-	-	Fl. 313.71
EOE Index C	Fl. 300	373	14.20	7	16 b	-	-	Fl. 313.71
EOE Index C	Fl. 305	94	9	58	12	-	-	Fl. 313.71
EOE Index C	Fl. 310	203	4.20	63	9.20	20	12	Fl. 313.71
EOE Index C	Fl. 315	189	1.40	227	6.40	50	8.90	Fl. 313.71
EOE Index P	Fl. 300	8	0.10	64	1.20 b	-	-	Fl. 313.71
EOE Index P	*Fl. 305*	*36*	*0.10*	*153*	*2.10*	*114*	*4.50*	*Fl. 313.71*
EOE Index P	Fl. 310	314	0.30	53	3.50	205	6	Fl. 313.71
EOE Index P	Fl. 315	777	2	80	5.70	16	8.70	Fl. 313.71
EOE Index P	Fl. 320	45	7	64	8.40	70	12.50	Fl. 313.71
EOE Index P	Fl. 325	-	-	50	12.50 a	-	-	Fl. 313.71
$/Fl C	Fl. 215	148	0.40	34	2.70	127	3.75	Fl. 214.30
$/Fl C	Fl. 225	-	-	-	-	93	1.20	Fl. 214.30
$/Fl P	Fl. 215	87	1.20	40	3.50	4	4.70	Fl. 214.30

		Jul. 89		Oct. 89		Jan. 90		
ABN C	Fl. 45	681	0.20	220	1.70	114	2.50 b	Fl. 44.70
Aegon C	Fl. 100	416	3.40	53	6.30 a	3	8.60	Fl. 103.40
Ahold C	Fl. 120	188	2.90	18	8	10	10 b	Fl. 123
Akzo C	Fl. 160	-	-	744	1.60	26	3.70	Fl. 141.80
Akzo P	Fl. 140	83	0.20	146	4 b	91	5.50	Fl. 141.80
Amev C	Fl. 55	49	0.20	16	2.70	-	-	Fl. 54
Amro C	Fl. 90	-	-	123	2.50	9	3.70	Fl. 88.70
BUHRMANN-T C	Fl. 70	63	0.10	12	2	45	3.80	Fl. 67
BUHRMANN-T P	Fl. 65	-	-	-	-	45	3.10	Fl. 67
DAF N.V. C	Fl. 55	-	-	53	3	8	4.50	Fl. 54.30
DAF N.V. P	Fl. 55	-	-	450	2.80 a	50	3.30 a	Fl. 54.30
N.V. DSM C	Fl. 140	57	0.10	189	3	26	5.20 b	Fl. 127.30
N.V. DSM P	Fl. 125	-	-	143	5.30	30	6.50	Fl. 127.30
Elsevier C	Fl. 70	176	5	15	6.80	6	8.10	Fl. 75
Gist-Broc. C	Fl. 35	278	0.10	308	1.90	138	2.80	Fl. 33.60
Gist-Broc. P	Fl. 35	409	1.80	311	2.60	78	3.30	Fl. 33.60
Heineken C	Fl. 130	183	0.20	73	5.50 b	20	8 b	Fl. 128
Hoogovens C	Fl. 100	1307	15	152	20.50	7	25	Fl. 115.20
Hoogovens P	Fl. 115	150	0.90	330	8.50	6	11 b	Fl. 115.20
KLM C	Fl. 50	795	0.90	219	3.30	38	4.70 b	Fl. 51
KLM P	Fl. 55	-	-	281	6	-	-	Fl. 51
KNP C	Fl. 60	799	0.10	124	2.40	6	3.60	Fl. 56.60
KNP P	Fl. 50	-	-	180	0.70	5	1.20	Fl. 56.60
NEDLLOYD C	*Fl. 450*	147	3.30	19	25	-	-	Fl. 451.70
NEDLLOYD P	Fl. 430	-	-	70	12.50	-	-	Fl. 451.70
Nat. Ned. C	Fl. 65	545	0.50	50	2.90	-	-	Fl. 65.40
Nat. Ned. P	Fl. 65	42	0.30	82	2.60	3	2.80	Fl. 65.40
Philips C	Fl. 40	3591	0.40	985	3	434	4.30 b	Fl. 40.20
Philips P	Fl. 40	469	0.30	612	1.90	46	2.90	Fl. 40.20
Royal Dutch C	Fl. 140	2642	3	683	6.50	185	8.60	Fl. 143
Royal Dutch P	Fl. 140	136	0.30 a	196	4.20	9	5.50	Fl. 143
Unilever C	Fl. 140	465	10.20	301	13	41	14	Fl. 149.70
Unilever P	Fl. 140	-	-	69	1.30	37	3	Fl. 149.70
Van Ommeren C	Fl. 45	370	1.80	151	4.50	40	6.10	Fl. 46.50
Van Ommeren P	Fl. 45	33	0.10	625	2.20	-	-	Fl. 46.50
Wessanen C	Fl. 90	72	1.80 b	24	5.30	-	-	Fl. 91.80

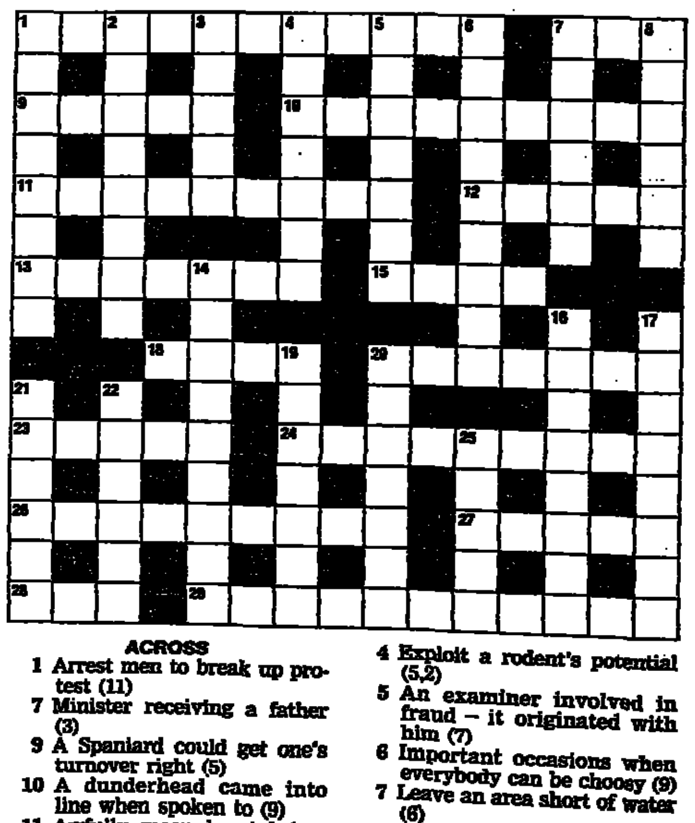
TOTAL VOLUME IN CONTRACTS : 56,198
A=Ask B=Bid C=Call P=Put



JOTTER PAD

CROSSWORD

No.6,990 Set by VIXEN



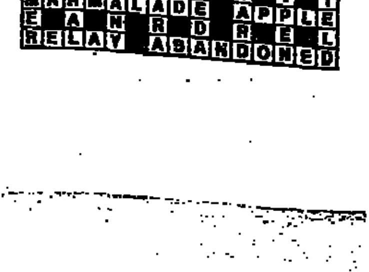
ACROSS

1 Arrest men to break up protest (11)
7 Minister receiving a father (3)
9 A Spaniard could get one's turnover right (5)
10 A dunderhead came into line when spoken to (9)
11 Awfully mean beast bringing disgrace (9)
12 An article about soldiers, but not very many (5)
13 Colour of lake (7)
15 Overcharged for a bird (4)
18 A wag showing 5 down the way (4)
20 Plain tea, sure as can be! (7)
23 Spot soft delicate material (5)
24 The firm many people backed last month got going (9)
26 Dispense with a page – troop in anyhow (9)
27 Doctor an animal and cover (5)
28 Big spenders should include a *tip* (3)
29 Persons of some authority one may well find trying (11)

DOWN

1 Here cars may be taken for investigation (8)
2 Chinese official, corrupt without *and* within (8)
3 Tend to hurry up. There's point to that (5)
4 Exploit a rodent's potential (5,2)
5 An examiner involved in fraud – it originated with him (7)
6 Important occasions when everybody can be choosy (9)
7 Leave an area short of water (6)
8 The Cockney lodger is an artful character (6)
14 Poles destroy a set-up and beat it! (5-4)
16 Liking both to write and sing music (8)
17 Lacking capital (8)
19 Forever under a sailor's feet! (7)
20 The confounded man *sold* nuts (7)
21 Raising apprehension (6)
22 The painter accelerated when irritated (6)
25 Wooden senior citizen (5)

Solution to Puzzle No.6,989



MONEY MARKETS

London rates higher

UK INTEREST rates continued to rise in London yesterday in what was seen as a move by the authorities to reverse the softer tone just recently in the longer periods. The Bank of England appears to be in no mood to tolerate a build up of optimism about lower rates, regarding such notions as premature.

Three-month interbank money was quoted at 14-13⅞ per cent compared with 13$\frac{15}{16}$-13$\frac{13}{16}$ per cent on Tuesday as pressure on the longer dates was exerted through the large shortages in day to day liquidity. The firmer tone also came despite a small improvement by sterling.

UK clearing bank base lending rate
14 per cent
from May 24

The Bank of *England fore*cast a shortage of around £1,150m. Factors affecting the market included repayment of late assistance and bills maturing in official hands, together with a take-up of Treasury bills draining £862m. Exchequer transactions took out £80m, and banks brought forward balances £50m below target. In addition, there was a rise in the note circulation of £155m.

To help alleviate the shortage, the Bank offered an early round of assistance which comprised outright purchases of *£61m of eligible bank bills* in band 1 at 13¾ per cent. Further help came to £203m and was made up of £119m of bank bills purchased in band 1 and £4m in band 2, all at unchanged rates. The forecast was revised to a shortage of £1,200m and the Bank gave assistance in the afternoon of £568m comprising £409m of bank bills in band 1 and £159m in band 2. Late help came to £210m, making a total of £1,042m.

In Frankfurt, the Bundesbank surprised traders by allocating just DM16.8bn at its latest two-tier sale and repurchase tender compared with a maturing agreement of DM18.5bn. Most dealers had expected a larger injection of cash, possibly up to DM20bn, in order to help commercial banks meet the drain on funds caused by corporate tax payments.

However, yesterday's net draining of funds suggests that the Bundesbank sees banks' current reserve levels as being high enough to meet this month's obligations. The Bundesbank accepted bids of DM9.5bn for the 28-day, 6.60 per cent fixed rate tender, and DM7.3bn for the 63-day variable tender at rates between 6.70 and 6.90 per cent.

In New York, the US Federal Reserve drained funds from the banking system through five-day matched sale and repurchase agreements. At the time, overnight *Fed* funds were trading at 9$\frac{1}{16}$ per cent unchanged from Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. July.19) 3 months US dollars		6 months US Dollars	
bid 8$\frac{15}{16}$	offer 9$\frac{1}{16}$	bid 8$\frac{13}{16}$	offer 8$\frac{15}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK Treasury Bills and Bonds

Lunchtime

Prime rate	10½	One month	8.06	Three year	7.89
Broker loan rate	10¼	Two month	8.44	Four year	7.89
Fed. funds	9⅛	Three month	8.17	Five year	7.91
Fed. funds at intervention	9⅛	Six month	8.10	Seven year	8.00
		One year	7.92	10-year	8.08
		Two year	7.89	30-year	8.15

July.19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.85-6.95	6.85-7.00	6.85-7.00	6.90-7.05	6.90-7.05	7.00
Paris	8⅞-9	9⅛-9¼	9⅛-9¼	9⅜-9½	9⅜-9½	8.75
Zurich	6¼-6⅝	6¾-7	-	-	-	-
Amsterdam	6.87-7.00	7.02-7.12	-	7.12-7.22	-	-
Tokyo	5¼-5⅜	5⅜-5⅜	-	5$\frac{11}{16}$-5$\frac{13}{16}$	-	-
Milan	12⅛-12½	12⅛-12⅝	-	12⅝-12⅞	-	-
Brussels	8.00	8⅜-8⅝	-	8⅞-8⅞	-	-
Dublin	8⅞-9⅛	9½-9¾	9⅝-9⅞	9¾-10	10-10¼	-

LONDON MONEY RATES

July.19	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14⅛	14⅛	14	13$\frac{15}{16}$	13⅞
Interbank Bid	11	13⅞	13$\frac{15}{16}$	13⅞	13¾	13½
Sterling CDs	-	-	14	13$\frac{15}{16}$	13¾	13⅝
Local Authority Deps.	14¼	14	14	13⅞	13$\frac{13}{16}$	13⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14⅛	13⅞	13¾	13⅞	-	-
Company Deposits	-	-	13$\frac{15}{16}$	13$\frac{15}{16}$	13$\frac{13}{16}$	13½
Finance House Deposits	-	-	14	13⅞	13¾	13⅝
Treasury Bills (Buy)	-	-	13$\frac{13}{16}$	13¾	-	-
Bank Bills (Buy)	-	-	13$\frac{13}{16}$	13$\frac{13}{16}$	12⅞	-
Fine Trade Bills (Buy)	-	-	14$\frac{1}{16}$	14⅛	13½	-
Dollar CDs	-	-	9.10	8.95	8.85	8.55
SDR Linked Dep Offer	-	-	8⅞	8⅞	8⅞	8⅞
SDR Linked Dep Bid	-	-	8⅜	8⅜	8⅜	8⅜
ECU Linked Dep Offer	-	-	9⅝	9⅝	9⅝	9⅝
ECU Linked Dep Bid	-	-	8$\frac{13}{16}$	9⅛	9⅛	9⅛

Treasury Bills (sell); one-month 13$\frac{13}{16}$ per cent; three months 13$\frac{11}{16}$ per cent; Bank Bills (sell); one-month 13$\frac{11}{16}$ per cent; three months 13⅝ per cent; Treasury Bills; Average tender rate of discount 13.4342 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June.30 , 1989. Agreed rates for period July 26,1989 to August 25 , 1989, Scheme I: 14.90 p.c., Schemes II & III: 15.51 p.c. Reference rate for period June.1 to June.30 , 1989, Scheme IV&V: 14.175 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from July.1 , 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1,1988 , Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	NatWestminster	14
Adam & Company	14	Comm. Bk. N. East	14	Northern Bank Ltd	14
AAB - Allied Arab Bk	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	R. Raphael & Sons	14
Authority Bank	*14*	*Duncan Lawrie*	*14*	Roxburghe G'rantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williamson Secs.	14
Bank Hapoalim	14	First National Bank Plc	15	Standard Chartered	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp.	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Whiteaway Laidlaw	14
Benchmark Bank PLC	14	● Hill Samuel	§14	Yorkshire Bank	14
Berliner Bank AG	14	C. Hoare & Co.	14		
Brit Bk of Mid East	14	Hongkong & Shangh	14		
● Brown Shipley	14	● Leopold Joseph & Sons	14		
Business Mtge Tst	14½	Lloyds Bank	14		
CL Bank Nederland	14	Meghraj Bank Ltd	14		
Central Capital	14	McDonnell Douglas Bnk	14		
● Charterhouse Bank	14	Midland Bank	14		
Citibank NA	14	Mount Banking	14		
City Merchants Bank	14	Nat Bk. of Kuwait	14		

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WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | SINGAPORE | JAPAN

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CANADA

TORONTO
2pm prices July 19

[illegible]

INDICES

NEW YORK DOW JONES

	July 18	July 17	July 14	July 13	1989 High	1989 Low	Since compilation High	Since compilation Low
ϕIndustrials	2544.76	2553.49	2554.82	2538.32	2554.82 (14/7)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	92.84	92.91	93.02	92.91	93.02 (14/7)	87.35 (23/3)	–	–
Transport	1232.05	1229.30	1210.54	1194.70	1232.05 (18/7)	959.95 (3/1)	1229.30 (17/7/89)	12.32 (8/7/32)
Utilities	215.61	216.74	216.86	215.61	216.86 (14/7)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

ϕDay's High 2560.70 (2565.82) Low 2531.68 (2535.85)

STANDARD AND POOR'S								
Composite ‡	331.35	332.44	331.84	329.95	332.44 (17/7)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	378.73	379.67	378.70	376.50	379.67 (17/7)	318.66 (3/11)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	31.53	31.76	31.81	31.64	31.81 (14/7)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	184.91	185.37	185.06	184.31	185.37 (17/7)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	370.17	369.55	368.12	367.64	370.17 (18/7)	305.24 (3/1)	367.64 (17/7/89)	29.31 (9/12/72)
NASDAQ OTC Comp	447.86	449.88	448.90	447.89	453.65 (9/6)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	July 14	July 7	Jun 30	year ago (approx.)
Dow Industrial Div. Yield	3.54	3.63	3.70	3.51
	July 12	July 5	June 28	year ago (approx.)
S & P Industrial div. yield	2.98	3.06	3.00	3.03
S & P Indl. P/E ratio	13.81	13.47	13.72	14.42

TRADING ACTIVITY † Volume Millions

	July 18	July 17	July 14
New York	151.323	131.151	183.480
Amex	12.619	11.119	11.164
OTC	131.876	107.887	128.852

NEW YORK	July 18	July 17	July 14
Issues Traded	1,984	1,972	1,977
Rises	588	752	810
Falls	843	718	639
Unchanged	553	502	528
New Highs	107	132	147
New Lows	16	9	10

CANADA

TORONTO		July 17	July 14	July 13	1989 High	1989 Low
Metals & Minerals	3289.1	3348.5	3371.9	3350.0	3564.9 (6/2)	3207.5 (3/1)
Composite	2853.4	3854.8	3849.3	3842.5	3854.8 (17/7)	3350.5 (6/2)
MONTREAL Portfolio	1945.71	1949.76	1947.06	1939.29	1949.76 (17/7)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Marion Labs	3,556,300	34½	+ 1	IBM	1,512,000	114¾	– 1¼
Nat Medical Ent	2,588,600	14¾	– 2¼	Texaco	1,424,400	53¾	
Stahlsieking Beck	2,488,000	60	+ ¼	Am T&T	1,284,800	36½	+ ⅛
Warner Comms	2,192,400	65⅝	+ ¼	Tucson El	1,246,300	27⅝	– 5⅞
Can Pacific	1,564,900	20⅝	+ ⅜	Paramount	1,190,600	57	+ ¾

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 19	July 18	July 17	July 14	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1571.2	1565.0	1563.3	1558.1	1583.7 (23/5)	1412.9 (7/4)
All Mining (1/1/80)	722.1	716.2	715.9	718.2	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	345.48	348.21	349.50	349.47	366.67 (21/6)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6044.15	6080.71	6081.29	6074.91	6158.43 (13/6)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	348.11	347.37	348.07	352.91	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	777.9	780.6	781.4	785.7	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	488.4	488.7	489.6	(c)	491.0 (26/6)	417.9 (4/1)
Ind. Tendance (30/12/88)	116.0	115.4	115.8	(c)	116.0 (19/7)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	631.70	624.11	630.47	630.17	631.70 (19/7)	535.78 (27/2)
Commerzbank (1/12/53)	1882.7	1858.7	1872.0	1870.9	1882.7 (19/7)	1595.7 (27/2)
DAX (30/12/87)	1540.40	1520.65	1522.99	1530.46	1540.40 (19/7)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2547.10	2585.48	2502.64	2516.11	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	679.64	682.65	683.39	677.16	683.39 (17/7)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33557.17	33343.79	33456.22	33574.7	34266.75 (31/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2499.71	2487.93	2499.74	2509.38	2544.60 (8/5)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen. (End 1983)	254.8	252.9	253.7	252.9	254.8 (19/7)	208.3 (3/1)
CBS All Shr (End 1983)	198.3	196.8	197.4	196.8	198.3 (19/7)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	662.48	659.02	662.65	668.90	668.90 (14/7)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1369.02	1361.61	1359.00	1363.50	1369.02 (19/7)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1616.0ϕ	1604.0	1594.0	1576.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2667.0ϕ	2658.0	2657.0	2655.0	2671.0 (12/7)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	301.38	302.20	303.35	304.07	315.90 (13/6)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4372.1	4370.4	4377.0	4378.8	4391.1 (13/7)	3383.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	762.7	757.0	751.9	750.3	762.7 (19/7)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	517.0	517.3	521.0	522.7 (13/7)	487.6 (13/6)

ϕ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks
Wednesday July 19 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sekisui Chemical	12.9m	1,510	+50	Sekisui House	6.7m	2,080	+60
Nippon Steel	9.9m	889	-5	Shokusan Jutaku	5.7m	1,200	+130
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

3pm prices July 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
32⅛	21¾	AAR	.44	1.4	21	382	u32⅞	32	32⅞	+ ½
10⅛	8⅞	ACM n	1.01	11.		373	9⅞	9¼	9¾	– ⅛
11⅜	10¼	ACMIn	1.28a	11.		397	11½	11⅜	11½	+ ⅛
10⅛	8½	ACM M	n1.01	11.		368	9⅞	9	9⅞	+ ⅛
11½	10	ACM Sc	1.26	11.		1004	11½	11⅜	11⅜	– ⅛
9⅝	8⅞	ACMSp	1.01	11.		495	9¼	9⅛	9¼	
17¼	10⅞	AL Lab	.12	.7	18	143	16⅞	16⅝	16¾	
4⅝	3⅛	AMCA	.12e	3.2	23	2339	3¾	3⅝	3¾	– ⅛
6⅛	4½	AM Intl				205	5⅜	5¼	5⅜	
23½	20½	AM In pf	2	9.2		56	21¾	21⅝	21⅝	– ⅛
67¼	40⅞	AMR			6	8969	u67⅞	64¾	65⅝	–1
27	25	ANR pf	2.67	10.		8	25¾	25⅜	25⅜	– ⅛
6¼	3⅝	ARX				13	4½	4⅜	4⅜	
43½	35¼	ASA	3a	7.2		274	42⅝	41⅞	41⅞	– ¾
22⅝	15¼	AVX	.24	1.2	9	46	20	19⅝	19⅞	
62¼	43½	AbtLab	1.40	2.2	16	2449	u63⅝	62	62⅞	+ ⅝
18¾	14	Abitibi g	1			78	14¾	14⅜	14¾	
13	7½	AcmeC	.40	3.4		105	11⅞	11¾	11¾	
8⅝	5⅞	AcmeE	.32	3.8	19	1	8⅜	8⅜	8⅜	
34⅜	20¾	Acuson			24	687	31⅜	31	31⅛	+ ⅛
16⅞	14¼	AdaEx	1.83e	11.		178	16	15⅞	15⅞	– ⅛
14¾	7⅛	AMD				2679	9⅞	9⅜	9¾	– ⅛
11⅞	6½	Adobe				59	11⅛	10⅞	11	– ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12¼	9⅝	QatVI	1.20e	9.8		99	12¼	12⅛	12¼	+ ⅛
11⅞	7¼	QatVC				394	u12	11⅞	11⅞	+ ⅛
39	31	Questar	1.88	5.0	27	78	37⅝	37¼	37⅜	− ⅛
16⅞	10¼	QkReily	.24	1.5	15	235	16⅛	16⅛	16⅜	+ ⅛
		- R - R - R -								
12	10⅞	RAC In	n1.32	11.		90	11½	11¼	11½	+ ⅛
48¾	43⅝	Xerox pf				10	45	45	45	− ⅜
48⅝	44½	Xerox pf4.13		8.8		5	46⅞	46¾	46⅞	+ ⅞
44¾	29⅝	XTRA	.72	2.2	14	284	32¾	31⅜	32⅝	+1⅛
33	24½	XTRA pf1.94		7.4		7	26⅛	26⅛	26⅛	− ⅛
8⅝	2	Zapata				4147	u 4⅝	3¾	4⅛	+ ⅜
15⅞	10½	Zemex	.40	3.3	136	1	12⅛	12⅛	12⅛	
25⅜	18½	ZenithE			936	909	18¾	18½	18¾	+ ⅛
10⅜	6⅞	Zenlac	1.26	13.		100	9⅝	9½	9½	
2⅛	1⅛	vjZenLb				142	1⅛	1⅛	1⅛	
21⅞	15	ZenNtl	.84	4.3	9	31	19¾	19⅝	19¾	+ ⅛
22	14⅞	Zero	.44	2.0	17	64	22	21¾	21¾	
47⅞	21	Zurnin	.68	1.6	21	735	u42½	41½	42⅛	+ ⅝
11⅞	10	Zweig	1.08a	9.4		357	11⅛	11⅜	11⅜	
10⅞	8¾	Zweig n	.96	10.		1215	9⅜	9½	9[illegible]	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices July 19

OVER-THE-COUNTER

Nasdaq national market, 3pm prices July 19

Stock	Div.	Sales 100s	High	Low	Last	Chng
YellowF	.70	316	28⅝	28¼	28⅝	+ ⅛
ZionUt	1.44	14	25⅛	25	25	− ⅛
Zycad		292	2⅞	2⅝	2[illegible]	− [illegible]

FINANCIAL TIMES
Thursday July 20 1989

AMERICA

Dow soars on lower than expected CPI rise

Wall Street

A LOWER than expected rise in consumer prices last month sparked an explosive rally in equities yesterday to post-crash highs on the Dow Jones Industrial Average and within a couple of points of an all-time peak on the broad Standard & Poor's 500 index, *writes Janet Bush in New York.*

At 2 pm, the Dow was quoted 31.30 points higher at 2,576.06, outstripping by a good margin the post-crash closing high last Friday of 2,554.82. In mid-morning, the Dow had been up by as much as 30 points.

The S&P 500 index was quoted 3.19 points higher at midsession at 334.54 compared with its record peak of 336.77 recorded in August, 1987.

Stocks on the American Stock Exchange and on Nasdaq were also quoted sharply higher at midsession, evidence that yesterday's rally was broad and inclusive of secondary stock issues.

The Consumer Prices Index rose only 0.2 per cent last month compared with expectations of a 0.4 per cent gain and the 0.6 per cent rise recorded in May. Of equal importance to markets, including the bond market which rallied by more than ¼ point in reaction, was the fact that the CPI, excluding food and energy, was also only up 0.2 per cent.

The CPI has taken on great significance in financial markets which are obsessed with the prospects of another easing in monetary policy by the US Federal Reserve. Although the figures were seen as providing the right background for nudging the Fed Funds target down to 9 per cent from 9¼ per cent currently, there appeared to have been no move by the Fed yesterday.

The central bank announced it was draining liquidity from the money market through five-day matched sales, pointing to unchanged policy. The next signpost for the financial markets is today's Humphrey Hawkins testimony before Congress by Mr Alan Greenspan, Fed chairman, in which he will outline current thinking on monetary policy and the economy.

Judging from the gradualist approach of this Fed, analysts believe that it could wait to move the Fed Funds rate lower until August, when more economic data will have come in.

The mood of the equity market is very buoyant. Even on Tuesday when most market measurements fell (as well as the Dow which also declined on Monday), selling pressure was not acute in spite of worse than expected US trade figures.

One underpinning for the market is that second quarter corporate earnings have not shown any signs of being slowed by the strong dollar so far this year, or by the undoubted slowdown in the economy. Benchmark results from General Electric and IBM have turned out towards the top end of analysts' expectations.

Blue chips were almost all higher. General Electric jumped $1⅝ to $55¼, Philip Morris added $2 to $146 and Merck gained $1¼ to $74.

Among featured individual stocks was Tandem Computers which rose $1¼ to $19 after reporting second quarter net income of 31 cents a share, at the high end of expectations, and on news that the company is forming a leveraged Employee Stock Ownership Plan, and planning a share repurchase.

Honeywell, a rumoured takeover target, added $⅛ to $83⅛ after it reported second quarter net income of $1.73 a share, above forecasts.

In over-the-counter trading, Quantum gained $1¾ to $23¼ after posting better than expected earnings and Lotus Development rose $1¼ to $24 after its results came out as forecast.

Canada

BOOSTED by bullish world stock markets and positive reaction to the small June rise in the US consumer price index, Toronto stocks traded higher through midsession.

The composite index rose 16.6 points to 3,869.9.

ASIA PACIFIC

Nikkei moves up as bargain-hunters return

Tokyo

INVESTORS returned to the market for some cautious bargain-hunting after a five-day string of losses, and share prices posted solid gains. Turnover, however, remained extremely thin, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average moved up through the day, rising to a high of 33,558.05 before closing 213.44 points up at 33,557.17. The day's low was at 33,343.53. Gains led losses by 573 to 286 while 210 were unchanged.

Turnover was slim at 352m shares, though higher than the 300m traded on Tuesday. The Topix index of all listed shares moved up 11.78 to 2,499.71 and, in London, the ISE/Nikkei 50 index rose 0.38 to 1,994.01.

"People were getting tired of selling," was the reaction of Mr Hiroshi Taguchi at Nomura Securities to yesterday's gain.

Investors were still wary, with a national election that could rock Japanese politics only days away. They have been concerned that if the ruling Liberal Democratic Party suffers a major blow at the election to the Upper House of the Diet (Parliament) on Sunday, as is expected, there could be damaging repercussions in the currency markets and hence in equities. Even those investors who could not resist the urge to hunt for bargains were only testing the waters and buying in small lots.

None the less, signs of optimism began surfacing. Many people said that Japanese politics is not going to change much, even if the ruling party takes a severe beating.

Rather than worry too much about potential political difficulties, investors selected issues that could rise if the Japan Socialist Party, the leading opposition, should win more political clout.

Top among these were housing and related issues, with seven in the 10 most actives list. Such issues were considered "safe" because housing considerations would be close to the top of the Socialists' priority list, analysts said.

Sekisui Chemical led the volumes list, with 12.9m shares traded, and gained Y30 to Y1,510. Although it is a chemical company, Sekisui is also the fifth largest maker of prefabricated houses. Shokusan Jutaku, the largest builder of luxury wooded houses, was also actively traded and rose Y130 to Y1,200.

Sanwa Shutter, which has 50 per cent of the domestic shutter market, advanced Y80 to Y1,850 in heavy trading. Sanwa was one of two stocks of the week recommended by a leading broker. The other was Nippon Steel, which was second in volume terms with 9.9m shares traded and lost Y5 to Y858.

Interest in housing issues helped Osaka rise after six days of losses. The OSE average added 96.67 to 32,754.62.

Roundup

THERE were gains in all the leading Asia Pacific markets yesterday, although Seoul declined sharply.

AUSTRALIA firmed as mining and gold shares were boosted by a sharp fall in the Australian dollar. London brokers Citicorp Scrimgeour Vickers had predicted the drop on Tuesday; yesterday the Sydney market took this as a signal to buy the big resource companies, and companies with extensive offshore assets. Both would benefit from the dollar's decline.

The All Ordinaries index overcame a lacklustre opening, gaining 6.2 to 1,571.2. In London, dealers commented that they agreed the currency was going to fall, but not as severely as forecast by the Citicorp offshoot.

Western Mining Corp added 10 cents to A$5.70 and the market leader, Broken Hill Proprietary, closed 2 cents lower at A$9.34, recovering from A$9.22.

HONG KONG saw a 41.62 gain in the Hang Seng index to 2,547.10, its second best rise this month. The gain was fuelled by expectations of good participation in Friday's government land tender and by strong foreign buying interest.

Property shares rose sharply, followed by the commercial and industrial sectors. Foreign interest came particularly from Taiwanese speculators and one dealer said that overseas buyers seemed to want stock regardless of the price.

SINGAPORE rose in moderately active dealings with interest focused primarily on second-line counters and situational stocks.

The Straits Times Industrial Index rose 6.69 to 1,368.30.

TAIWAN continued to advance, with the weighted index up 234.95 at 8,799.77. Gains centred on foods, textiles, plastics and banks, and marked a fourth straight day of rises for the market.

SEOUL fell sharply. The composite index closed at 898.71, down 6.39, in what traders attributed to a correction from recent gains.

SOUTH AFRICA

GOLD shares maintained their recent firmer trend in quiet and cautious trading in Johannesburg, helped by a steady bullion price.

EUROPE

Frankfurt rebounds after US data

NERVOUSNESS about the US economy faded yesterday after the consumer prices index for June rose by less than expected. Frankfurt responded with a 1.3 per cent advance, *writes Our Markets Staff.*

FRANKFURT sprang back after two sessions of lower share prices, hitting further year highs in a brisk session.

Morning trading was encouraged by a positive Bundesbank statement that it expected the strong growth in industrial production in April and May to continue in the second half of the year, said one analyst.

Optimism grew in the afternoon, following the release of US inflation figures, and shares rose across the board.

The DAX index gained 19.75, or 1.3 per cent, to a high for the year of 1,540.40 and the FAZ index rose 1.23 to a post-crash peak of 631.70. Turnover was an active DM5.49bn.

Speculative activity led to sharp gains by individual stocks. Metals group Preussag, the subject of takeover rumours recently, surged DM12.80, or 4.5 per cent, to DM198.80. The company's board chairman said on Tuesday that the company was looking to form joint ventures and mentioned the utility, RWE, as a possible partner.

An analyst said that Preussag and RWE would be able to co-operate in a number of businesses, including environmental, transport of oil products, and oil and gas. RWE, which saw some profit-taking, ended DM1.30 up at DM330.

Speculation also boosted Nixdorf, which gained DM17 to DM332.50, after reports – denied by the company – in an Italian newspaper that the electronics group had bought shares in ICL of the UK.

BMW added DM8.50 to DM602. One reason for the car maker's strength was news that it has found a site for manufacturing components at the unfinished nuclear waste processing plant in Wackersdorf, Bavaria.

Cyclical stocks, which had eased recently, recovered some ground. The analyst said they should rise for the next few days on the back of expectations of good June order figures, attracting some of the excitement that has focused on financial stocks.

In financials yesterday the insurer Allianz, which is due to report annual results on Monday, firmed DM35 to DM2,178.

PARIS got off to a good start in response to encouraging inflation data from both France and the US, and finished close to its high of the day. The OMF 50 index rose 1.82 to 502.29 and the CAC 40 by 8.25 to 1,765.65.

French retail price growth for June was well below market expectations at 0.1 per cent. The slow growth cut France's year-on-year inflation differential with West Germany by 0.1 of a percentage point, helping to bolster the franc and to improve the competitive position of French exports.

BSN closed FFr2 higher at FFr716, before the market had time to digest news of a major European acquisition. The company has linked with Italy's Ifil to buy the Italian foods group, Galbani.

Elsewhere, Pechiney International fell a further FFr4.70 to FFr223 on concern about the low aluminium price. A specialist said that this movement ignored Pechiney's acquisition last year of the worldwide packaging interests of American Can, which means that the company has an important outlet for its metal.

AMSTERDAM rallied after news of the US consumer price figures. Business remained slack, partly because of summer holidays and partly the expiration of share option contracts on Friday. Volume edged up from Fl 680m to Fl 689m.

Royal Dutch and Unilever were firm, each rising Fl 1.30 to Fl 143 and Fl 149.70 respectively, in line with good sentiment in the London market. Heineken gained Fl 2.30 to Fl 128 on hopes for the September launch of a new beer.

The CBS tendency index fully recouped Tuesday's losses, rising 1.6 to 190.1.

MILAN eased as profit-taking continued in busy trading. The Comit index lost 3.01 to 679.64 in turnover estimated at L353bn – active, but less hectic than Tuesday's L452bn.

Ifil, a unit of IFI, the holding company of the Agnelli family, lost L70 to L6,390. Ifil said after the close that, together with French food company BSN, it was buying the Italian food company Galbani.

Olivetti, which denied a rumour that it was close to a deal with the UK's ICL, fell L91 to L9,390.

MADRID closed lower on another, very quiet day. However, dealers were encouraged to see an increase in volume on the continuous market where Hidrola traded in about 300,000 shares, more than it has seen over the past fortnight, and put on Pta6 to Pta36.

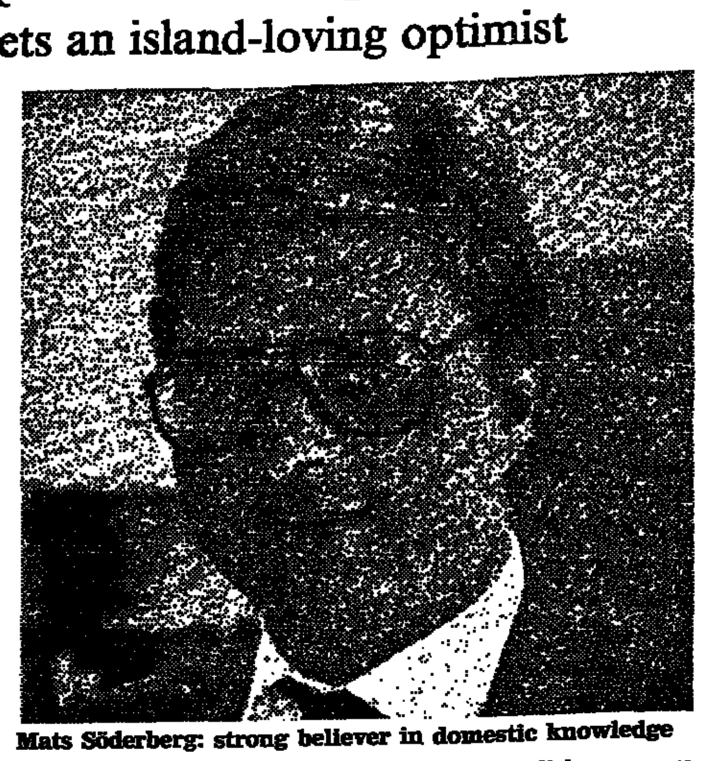
The general index fell 0.96 to 301.38. One dealer said sentiment was affected by Tuesday's worse-than-expected US trade deficit.

STOCKHOLM moved higher in relatively active trading, backed by strong gains in blue chips. The Affärsvärlden General index rose 2.2 to 1273.4, lifted by overnight gains in the US and several positive company analyses. Ericsson free B-shares rose SKr7 to SKr582.

Swedish broker who sails against prevailing wind

David Bartal meets an island-loving optimist

BROKERS' WORLD



Mats Söderberg: strong believer in domestic knowledge

DURING the warm summer months, stockbroker Mats Söderberg moves with his wife and three children to his summer home on a tiny, remote island in the Stockholm archipelago populated by about 20 families.

He commutes to his office in the financial district by private boat, ferry and car – a one-hour journey each way through the picture-postcard islands and skerries which dot this corner of the Baltic Sea.

"The Stockholm archipelago is the most beautiful island group on earth. I love it. But if I want to have a real vacation, then I have to leave Sweden," Mr Söderberg says, almost sadly. He is always reachable for business purposes at his island home by telephone or telefax.

Mr Söderberg is not only atypical in his mode of transport: he and his partners have sailed against prevailing winds by recently starting their own firm. Arapt Partners Fondkommission is the first new brokerage to be established on the Stockholm exchange in two years.

"What we have done is rather unusual. In fact, many think it was foolish to establish a new brokerage when the rate of turnover in securities here is steadily falling," Mr Söderberg says.

In 1988, the Stockholm exchange had a turnover of SKr115bn ($17.7bn), compared with SKr124bn in 1987 and SKr141bn in 1986. Fewer deals are consummated here; during the first quarter of 1989, the rate of turnover on the Stockholm bourse sank from 23 per cent to 18 per cent.

One reason for the turnover decline – and the movement of large chunks of Swedish trade to London and New York – is the "puppy tax," a 1 per cent transfer fee on the sale of Swedish stocks and bonds. (It is called a puppy tax because young executives are popularly known in Sweden as *finansvalpar*, or "financial puppies.")

Mr Söderberg, who has worked as a stockbroker for 19 years at several of the country's largest and most prestigious firms, including Carnegie, Hägglöfs and Consensus, believes strongly in Swedish industry and the future.

"You have to be an optimist to be in this business," he says cheerfully.

He hopes and believes that the days of the puppy tax are numbered. "Because of this tax, most foreigners have no reason to purchase stocks in Sweden, where it is more expensive," he says.

However, Mr Söderberg maintains that Swedish brokerages have a better knowledge of the domestic market than the international competition. And foreign institutional investors will also turn to firms in Sweden to acquire a large position in a Swedish company, when the required share volumes are not available abroad.

High taxes also explain why many Swedish brokers are part owners of their firms and receive convertible bonds or options as a reward and incentive.

"The way things work in Sweden, no one wants a very high salary, because everything will just be taxed away. This may change in 1991, perhaps, when there is a reform of our income tax system," Mr Söderberg notes.

Like brokerages in most other Western countries, Mr Söderberg's shared office is highly automated, with about 40 computer screens in one large room carrying out a myriad of functions.

Although Arapt is a small, almost intimate business and intends to remain that way, the physical facility still has room for a typical Nordic feature: a handsome sauna adjacent to the bathroom. A sauna can come in handy after an especially stressful, long day with your ear glued to a telephone, Mr Söderberg explains.

This article is the third in a weekly series. Brokers in Madrid and Toronto were featured on July 6 and July 13.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 18 1989						MONDAY JULY 17 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (86)	136.71	+0.8	124.61	119.52	+0.3	4.99	135.61	124.53	119.15	157.12	128.28	147.87
Austria (19)	124.70	+0.6	113.67	122.81	−0.1	1.98	123.92	113.80	122.96	127.70	92.84	85.31
Belgium (63)	132.20	+0.8	120.50	129.75	+0.1	4.22	131.18	120.46	129.56	137.10	125.58	113.10
Canada (124)	144.86	+0.0	132.05	124.93	−0.1	3.22	144.87	133.03	125.04	144.87	124.67	127.04
Denmark (36)	211.09	+1.0	192.42	211.52	+0.2	1.49	209.02	191.94	211.08	219.89	165.35	125.66
Finland (26)	140.65	+0.0	128.20	126.22	−0.6	2.16	140.62	129.13	127.01	159.16	125.81	130.75
France (128)	125.13	+0.2	114.06	126.07	−0.5	3.01	124.88	114.68	126.65	125.95	112.57	90.00
West Germany (100)	93.38	−0.3	85.12	91.92	−1.0	2.21	93.63	85.98	92.80	95.32	79.56	74.75
Hong Kong (49)	103.88	+0.3	94.69	104.07	+0.3	5.14	103.54	95.08	103.75	140.33	86.41	108.53
Ireland (17)	146.32	+1.6	133.37	146.32	+1.2	2.87	143.97	132.21	144.65	151.36	125.00	139.91
Italy (97)	92.08	+0.6	83.93	94.28	−0.2	2.38	91.56	84.08	94.44	92.08	74.97	71.50
Japan (455)	177.28	−0.4	161.59	158.45	−0.5	0.50	177.92	163.39	159.20	200.11	164.22	157.76
Malaysia (36)	189.71	+0.4	172.93	196.03	+0.3	2.45	189.01	173.57	195.53	189.80	143.35	150.88
Mexico (13)	259.45	−2.9	236.50	712.59	−2.8	0.71	267.22	245.39	733.35	277.40	153.32	159.83
Netherland (43)	124.62	+0.4	113.59	121.43	−0.3	4.26	124.11	113.97	121.79	124.62	110.63	103.80
New Zealand (22)	65.13	−0.4	59.37	60.60	−0.8	6.15	65.37	60.03	61.10	76.02	62.64	79.94
Norway (25)	189.43	−0.2	172.67	179.08	−0.7	1.43	189.88	174.36	180.40	198.39	139.92	120.44
Singapore (26)	168.49	+0.4	153.58	151.99	+0.1	1.82	167.88	154.16	151.79	169.33	124.57	131.00
South Africa (60)	150.86	−1.0	137.51	133.24	+0.6	4.04	152.45	139.99	132.50	153.27	115.35	123.91
Spain (43)	151.91	+0.8	138.47	136.78	−0.1	3.75	150.78	138.46	136.96	158.17	143.14	146.54
Sweden (35)	176.35	+0.3	160.75	169.31	−0.1	2.03	175.91	161.54	169.47	177.49	138.45	116.83
Switzerland (63)	85.04	+0.7	77.52	86.54	+0.3	2.22	84.47	77.57	86.25	86.05	67.81	78.64
United Kingdom (311)	152.73	+0.7	139.22	139.22	+0.0	4.21	151.65	139.26	139.26	153.33	133.28	130.44
USA (555)	135.03	−0.3	123.08	135.03	−0.3	3.33	135.44	124.37	135.44	135.44	112.13	109.49
Europe (1006)	126.29	+0.5	115.12	120.19	−0.2	3.43	125.69	115.42	120.45	126.29	112.63	104.16
Nordic (122)	170.73	+0.5	155.62	159.80	−0.1	1.77	169.94	156.06	159.93	174.42	137.95	112.49
Pacific Basin (674)	172.97	−0.3	157.67	154.90	−0.4	0.73	173.51	159.33	155.57	194.72	160.44	155.39
Euro – Pacific (1680)	154.43	+0.0	140.76	140.94	−0.4	1.63	154.50	141.88	141.45	164.22	141.56	134.92
North America (679)	135.52	−0.3	123.53	134.41	−0.3	3.33	135.90	124.80	134.80	135.90	112.79	110.43
Europe Ex. UK (695)	109.68	+0.3	99.98	108.46	−0.4	2.82	109.36	100.42	108.85	110.42	96.30	87.83
Pacific Ex. Japan (219)	121.31	+0.6	110.58	110.55	+0.2	4.74	120.65	110.79	110.29	137.65	111.93	126.89
World Ex. US (1877)	154.12	−0.1	140.49	140.55	−0.3	1.71	154.22	141.62	141.04	162.77	141.49	134.57
World Ex. UK (2121)	145.66	−0.2	132.77	139.59	−0.4	2.04	145.99	134.06	139.09	147.10	136.98	124.28
World Ex. So. Af. (2372)	146.25	−0.1	133.31	138.67	−0.3	2.23	146.45	134.48	139.13	147.44	136.67	124.82
World Ex. Japan (1977)	131.75	+0.0	120.09	128.63	−0.2	3.42	131.74	120.98	128.94	131.75	114.51	109.05
The World Index (2432)	146.28	−0.1	133.33	138.63	−0.3	2.24	146.48	134.51	139.09	147.47	136.68	124.82

Latest prices were unavailable for this edition.
Constituent change 19/7/89: Deletion: Alcatel (France).